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RECORDATION NO. 126191
FEB 6 1989 1 25 PM
INTERSTATE COMMERCE COMMISSION

Date 2/6/89
Fee \$ 13.00
ICC Washington, D. C.

February 3, 1989

TP&W Acquisition Corporation Credit Facility

Dear Ms. McGee:

We are enclosing on behalf of The Toronto-Dominion Bank, Cayman Islands Branch, executed counterparts of the Mortgage, Deed of Trust, Assignment of Leases and Rents, Security Agreement and Financing Statement dated as of February 3, 1989, for recordation pursuant to 49 U.S.C. § 11303.

The parties to the enclosed agreement are:

Mortgagor

TP&W Acquisition Corporation
1661 Route 22 West
Bridgewater, New Jersey 08807

Mortgagee

The Toronto-Dominion Bank
Cayman Islands Branch
c/o The Toronto-Dominion Bank
Chicago Branch
3 First National Plaza
Chicago, Illinois 60602

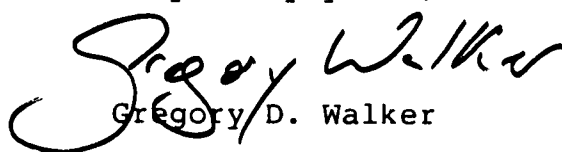
The equipment covered by the aforementioned agreement appears in Exhibit A attached hereto and also

Concurrence
J. Butler

bearing the legend "Ownership Subject to Security Agreement filed with the Interstate Commerce Commission".

Enclosed is our check for \$13 for the required fee. Please accept for recordation one counterpart of the enclosed Agreement, stamp the remaining counterparts with your recordation number and return them to the delivering messenger along with your fee receipt, addressed to the undersigned.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Gregory D. Walker".

Gregory D. Walker

Noreta R. McGee, Secretary,
Interstate Commerce Commission,
Washington, D.C. 20423

Encls.

Rolling Stock

LOCOMOTIVES

<u>Unit Number</u>	<u>Unit Number</u>
3022	3004
3039	3013
3019	3073
3068	3016
3051	3063
3014	3053
3034	3059
3071	3003
3015	3040
3074	

CROSS HOPPER CARS

Open Top Hopper Cars

	<u>Car Number</u>	<u>Car Number</u>	<u>Class</u>
1	ATSF 80000	TP&W 80000	Ga-138
2	ATSF 80004	TP&W 80004	Ga-138
3	ATSF 80015	TP&W 80015	Ga-138
4	ATSF 80016	TP&W 80016	Ga-138
5	ATSF 80021	TP&W 80021	Ga-138
6	ATSF 80026	TP&W 80026	Ga-138
7	ATSF 80029	TP&W 80029	Ga-138
8	ATSF 80034	TP&W 80034	Ga-138
9	ATSF 80037	TP&W 80037	Ga-138
10	ATSF 80052	TP&W 80052	Ga-138
11	ATSF 80054	TP&W 80054	Ga-138
12	ATSF 80061	TP&W 80061	Ga-138
13	ATSF 80062	TP&W 80062	Ga-138
14	ATSF 80066	TP&W 80066	Ga-138
15	ATSF 80076	TP&W 80076	Ga-138
16	ATSF 80070	TP&W 80070	Ga-138
17	ATSF 80080	TP&W 80080	Ga-138
18	ATSF 80094	TP&W 80094	Ga-138
19	ATSF 80106	TP&W 80106	Ga-138
20	ATSF 80109	TP&W 80109	Ga-138
21	ATSF 80131	TP&W 80131	Ga-138
22	ATSF 80135	TP&W 80135	Ga-138
23	ATSF 80162	TP&W 80162	Ga-138
24	ATSF 80177	TP&W 80177	Ga-138
25	ATSF 80193	TP&W 80193	Ga-138

CABOOSES

Caboose ATSF 999169

Caboose ATSF 999208

Caboose TP&W 999169

Caboose TP&W 999208

Interstate Commerce Commission
Washington, D.C. 20423

2/6/89

OFFICE OF THE SECRETARY

Gregory D. Walker
Cravath, Swaine & Moore
One Chase Manhattan Plaza
New York, N.Y. 10005

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 2/6/89 at 1:55pm, and assigned recordation number(s). 16191

Sincerely yours,

Nesta L. McEwen

Secretary

Enclosure(s)

16191

REGISTRATION NO. _____ FILED 2/10/89

FEB '89 1 25 PM

INTERSTATE COMMERCE COMMISSION

This document was prepared
by, and after filing should
be returned to:

Cravath, Swaine & Moore
One Chase Manhattan Plaza
New York, New York 10005
Attention: Martin R. Levine, Esq.

MORTGAGE, DEED OF TRUST, ASSIGNMENT OF
LEASES AND RENTS, SECURITY AGREEMENT AND
FINANCING STATEMENT, dated as of February 3,
1989, made by and between TP&W ACQUISITION
CORPORATION, a corporation organized and
existing under the laws of the State of New
Jersey (the "Mortgagor"), having its prin-
cipal office at 981 Central Avenue, Plain-
field, New Jersey 07060, and THE TORONTO-
DOMINION BANK, CAYMAN ISLANDS BRANCH, (here-
inafter, in its capacity as mortgagee,
together with its successors and assigns,
called the "Mortgagee"), having an office in
care of The Toronto-Dominion Bank, Chicago
Branch, 3 First National Plaza, Chicago,
Illinois 60602, as a party to that certain
Credit Agreement (the "Credit Agreement")
dated as of February 3, 1989, among the
Mortgagor, Cymigo Corp., as Guarantor, and
the Mortgagee.

W I T N E S S E T H:

WHEREAS the Mortgagor has been duly organized
under the laws of the State of New Jersey; and

WHEREAS as an additional inducement to the Mort-
gagee to make the Loans (capitalized terms not defined
herein shall have those meanings ascribed to them in the
Credit Agreement) under the Credit Agreement, and in con-
sideration thereof, the Mortgagor has agreed to grant, and
the obligation of the Mortgagee to make the Loans is condi-
tioned upon the granting of, this Mortgage securing the
obligations of the Mortgagor under the Credit Agreement and
the other Loan Documents and certain other obligations
specified herein and encumbering, among other things,
certain real property; and

WHEREAS pursuant to the Credit Agreement, the
Mortgagor has executed as part of the Loan Documents a

Revolving Credit Note and Term Note in the aggregate principal amount of up to \$15,000,000, payable to the order of the Bank; and

WHEREAS the Revolving Credit Note shall mature no later than February 3, 1995, and the Term Note shall mature no later than February 3, 1995, and such Notes shall bear interest at the rates specified in the Credit Agreement; and

WHEREAS in order to provide for and to secure the obligations of the Mortgagor under the Credit Agreement and hereunder to the Mortgagee, and otherwise, the Mortgagor, in pursuance of resolutions of its Board of Directors duly adopted by the unanimous affirmative vote of the entire Board of Directors, in accordance with law and with the by-laws of the Mortgagor, and in pursuance of resolutions adopted by the unanimous affirmative vote of the holders of the entire outstanding capital stock of the Mortgagor, in accordance with law and with the by-laws of the Mortgagor, has determined to execute and deliver to the Mortgagee a mortgage, deed of trust, assignment of leases and rents, security agreement and financing statement in the form of this Mortgage, Deed of Trust, Assignment of Leases and Rents, Security Agreement and Financing Statement (hereinafter called this "Mortgage") was approved and the execution and delivery of this Mortgage duly authorized and directed; and

WHEREAS all requirements of law and of the charter and the by-laws of the Mortgagor have been duly complied with, and all things necessary to make this Mortgage a valid and binding mortgage, deed of trust, assignment of leases and rents, security agreement and financing statement for the security of the Loans and such other obligations, have been done and performed.

NOW, THEREFORE, in order to induce the Mortgagee to make the Loans, and in consideration thereof, and for the purpose of further securing the repayment of the Revolving Loans and the Term Loans and the performance of the obligations of the Mortgagor under the Credit Agreement, the other Loan Documents and certain other obligations specified herein, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Mortgagor hereby agrees as follows:

TO SECURE:

(a) the due and punctual payment of (i) all principal of the Loans, in the aggregate principal amount of up to \$15,000,000, as evidenced by those Revolving Credit Notes and Term Notes outstanding at any time, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) the due and punctual payment of all interest on the Loans, when and as due, and (iii) the due and punctual payment of all other monetary obligations of the Mortgagor under the Credit Agreement and the other Loan Documents (including, without limitation, this Mortgage), whether for Fees, reimbursement of expenses, indemnification obligations or otherwise; it being understood and agreed that the terms of the Credit Agreement and each other Loan Document are hereby made a part of this Mortgage which also secures all other sums due or to become due thereunder and any renewals or extensions thereof so that this Mortgage shall stand as security for said Loans, and for any and all future and additional Loans and other advances made to the Mortgagor by the Mortgagee pursuant to the Credit Agreement or any other Loan Document, as the same may be amended from time to time, in such amount or amounts so that the aggregate principal balance, including all future and additional advances outstanding and unpaid at any one time shall not exceed in the aggregate \$15,000,000 in Revolving Loans and Term Loans, and the Banks are hereby given authority to make such future and additional advances to the Mortgagor, all as provided for in the Credit Agreement, and secured as the original obligation herein; it being further understood and agreed that such limitation upon the total amount of principal shall not be considered as limiting the amounts secured hereby for accrued interest or for any other amount (all the foregoing, together with all other amounts secured hereby, including advances to protect the security of this Mortgage and all other Loan Documents are hereinafter collectively referred to as the "Indebtedness"); and

(b) the due and punctual performance of all covenants, agreements, obligations and liabilities of the Mortgagor under or pursuant to the Credit Agreement, this Mortgage and the other Loan Documents (all the obligations referred to in this clause (b) and in the preceding clause (a) being referred to collectively as the "Obligations").

The Mortgagor has executed and delivered this Mortgage, and has mortgaged, granted, bargained, sold, aliened, remised, released, conveyed, confirmed, pledged, created a security interest in, assigned, transferred and set over (collectively, "mortgaged"), and by these presents does mortgage, grant, bargain, sell, alien, remise, release, convey, confirm, pledge, create a security interest in, assign, transfer, warrant and set over (collectively, "mortgage") unto the Mortgagee, its successors and their respective assigns in trust, for the equal and proportionate use, benefit and security of all and singular the persons, who shall from time to time be entitled to the benefit of the Obligations, and for the uses and purposes and upon and subject to the terms, conditions, provisions and agreements hereinafter expressed and declared, all of the Mortgagor's estate, right, title and interest to or in respect of the following real and personal property (hereinafter collectively called the "Mortgaged Property"):

FIRST. Any and all property and rights of every kind and description acquired or to be acquired by the Mortgagor under the Purchase and Sale Agreement made as of the 3rd day of February, 1989, by and between the Mortgagor and The Atchison, Topeka and Santa Fe Railway Company, including, but not limited to the Rolling Stock (as hereinafter defined) described in Annex I to this Mortgage and the lines of railroad and other properties and rights described in Annex II to this Mortgage.

SECOND. Any and all property and rights, estate, title and interest, of every kind and description, owned, acquired or to be acquired by the Mortgagor on the date of the execution and delivery of this Mortgage, or thereafter acquired by it, or held or acquired for use or used upon or in connection with, or appertaining to, any of the lines of railroad or other property which, or any right, title or interest in which, shall at any time be subject to this Mortgage, including, without limitation, the property and rights, estate, title and interest of the Mortgagor described in Annex I and Annex II to this Mortgage and:

(a) all lands, rights of way, roadbeds, station and depot grounds, all inclines, tunnels, culverts, spurs, tracks, turnouts, switches, sidings and turntables, all superstructures, bridges, trestles, stringers, ties, rails, frogs, chairs, bolts, tie plates, splices, signals and signal apparatus, interlocking devices and other railroad appurtenances, all telegraph, telephone and electric power transmission

lines, including all wires, cables, poles, batteries, conduits, ducts, viaducts, cross overs, anchors, subways, power plants, turbines, flumes, pipes, generators, motors, switchboards and other instruments, all stations or facilities for wireless communication and signalling, all depots, roundhouses, terminals and terminal property and facilities, all station houses, buildings, warehouses, elevators, freight houses, engine houses, car houses, repair shops, tower houses, yard buildings, water stations, water tanks, water supply, water power sites, fuel stations, fuel tanks, fuel supply, machine shops and other structures, all walls, fences, wharves, docks, piers and landings, steamers and steamships, ferries, boats, barges, tugs and other floating equipment, all machinery, tools, implements and other railroad appliances, apparatus and facilities, materials and supplies, and all other physical property held or acquired for use or used upon or in connection with, or appertaining to, any of said lines of railroad or other properties; and

(b) all railroad cars, locomotives and other rolling stock together with all accessories, equipment, parts and appurtenances and superstructures pertaining or attached thereto (the "Rolling Stock") described or to be described in Annex I hereto; and

(c) all corporate rights, privileges, immunities and franchises, powers, licenses, easements, rights of way, Leases (as hereinafter defined), leases of lines of railroad or other property, leasehold rights, joint facility, operating, trackage, terminal, running and traffic rights, interests, including oil, gas and other mineral interests and rights, benefits, advantages, privileges and contracts, and instruments and general intangibles (as those terms are used in the applicable Uniform Commercial Code), corporate or other business records, inventions, designs, patents, patent applications, trademarks (including service marks), trade names, trade secrets, goodwill, copyrights, software, registrations, franchises, tax refund claims, letters of credit, guarantees, claims, security interests, and all other agreements, appurtenances and rights, and all renewals and extensions thereof, including without limitation any of the foregoing now held or hereafter acquired by the Mortgagor in connection with the use or operation of any terminals or other stations situated along, or at the terminus of any lines of railroad, and any and all warranties and other rights the Mortgagor

may have against dealers, manufacturers, contractors or subcontractors, the right to compel performance of the terms of any of the foregoing and all rights to exercise any election or option or to make any decision or determination or to give any notice, consent, waiver or approval thereunder or in respect thereof or any part thereof as well as all rights, powers and remedies of the Mortgagor arising thereunder or by statute or at law or in equity, or otherwise arising out of any default or breach thereof, all as though the Mortgagee were named therein instead of the Mortgagor; and

(d) all goods, inventory, and equipment (as such terms are used in the applicable Uniform Commercial Code), and all machinery, apparatus, tools, materials, fuel, supplies and all other tangible personal property now owned or hereafter acquired by the Mortgagor, including without limitation all accessions or appurtenances thereto and all such property which is attached to, located on or used in connection with any of said lines of railroad or other property; and

(e) all Accounts and other rights to receive the payment of money, including without limitation receivables, rights to receive the payment of money under present or future contracts or agreements (whether or not earned by performance) and all chattel paper (as that term is used in such Uniform Commercial Code); and

(f) all accounts (collectively, the "Collection Deposit Accounts") of the Mortgagor maintained for the Mortgagee pursuant to the Lockbox Agreement, including, without limitation, those accounts specified in Annex IV hereto, and all remittances on all Accounts Receivable (which term "Accounts Receivable" shall mean all Accounts and all rights in any returned goods, together with all rights, titles, securities and guarantees with respect thereto, including any rights to stoppage in transit, replevin, reclamation and resales, and all related security interests, liens and pledges, whether voluntary or involuntary); and

(g) any proceeds or any other consideration received from the sale, exchange, lease or other disposition of any asset or property which constitutes any part of the Mortgaged Property and any value or unearned premiums on any insurance policies now or hereafter covering any part of the Mortgaged Property, including the right to receive and apply the proceeds

of any insurance, judgments or settlements made in lieu thereof; and

(h) any awards or payments, including interest thereon, which may be made with respect to any part of the Mortgaged Property, whether in connection with the exercise of the right of eminent domain (including any transfer made in lieu of the exercise of said right) or in connection with any other injury to or decrease in value of any part of the Mortgaged Property; and

(i) all other property, assets and things of value of every kind and nature, tangible or intangible, absolute or contingent, legal or equitable, which the Mortgagor may be possessed of or entitled to; and

(j) all leases and other agreements affecting the use or occupancy of all or any part of the Mortgaged Property now or hereafter entered into (the "Leases") and the right to receive and apply all the rents, issues, income, receipts, revenues, tolls, profits and any other income of any nature (the "Rents and Profits") of the Mortgaged Property, including but not limited to all bonuses and royalties accrued or to accrue under all oil, gas or mineral leases of any real property, unsevered crops and timber, and all permits, licenses, franchises, certificates and other rights and privileges obtained in connection with the Mortgaged Property; and

(k) the right, in the name of the Mortgagor, to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to commence any action or proceeding to protect the interest of the Mortgagor in the Mortgaged Property.

THIRD. Any and all fixtures (as such term is used in the applicable Uniform Commercial Code), structures, tenements, hereditaments, additions, improvements and betterments to or upon or in connection with any and all lines or railroad, equipment, premises and property which, or any estate, right or title to or interest in which, shall at any time be subject to this Mortgage, and all the estate, right, title, interest, property, possession, claim and demand whatsoever, as well in equity as in law, of the Mortgagor of, in and to such lines or railroad, premises and property and every part and parcel thereof and of, in and to the appurtenances and franchises appertaining or hereinafter to appertain thereto.

FOURTH. Any and all other property of every kind and description, including money, shares of stock, notes, bonds, deposits and other obligations, whether owned by the Mortgagor at the date of the execution and delivery of this Mortgage or hereinafter acquired by it.

FIFTH. Any and all property of every kind and description, including money, shares of stock, notes, bonds, deposits and other obligations, which from time to time after the date of the execution and delivery of this Mortgage by delivery or by writing of any kind shall have been mortgaged by the Mortgagor, or by anyone on its behalf, to the Mortgagee (who is hereby authorized to receive at any and all times any such property as and for additional security for the payment, performance and observance of the Obligations and to hold and apply any and all such property subject to the terms hereof).

SIXTH. Any and all tolls, revenues, earnings, rents, issues, profits, products, proceeds and other income in respect of the foregoing.

SEVENTH. All instruments, files, records, ledger sheets and documents covering or relating to any of the Mortgaged Property.

EIGHTH. Any and all consideration received from the sale, exchange, lease or other disposition of any asset or property which constitutes Mortgaged Property, any value received as a consequence of the possession of any Mortgaged Property and any payment received from any insurer, governmental entity or other person or entity as a result of the destruction, loss, theft, taking by eminent domain or other involuntary conversion of whatever nature of any asset or property which constitutes Mortgaged Property, and shall include, without limitation, all cash and negotiable instruments received or held by Mortgagee pursuant to the Lockbox Agreement or similar arrangement relating to the payment of Accounts;

TOGETHER with all proceeds, both cash and noncash, of the foregoing which may be sold or otherwise be disposed of;

TOGETHER with any and all monies now or hereafter on deposit for the payment of real estate taxes or special assessments against the Mortgaged Property or for the payment of premiums on policies of fire and other hazard insurance covering the Mortgaged Property.

TO HAVE AND TO HOLD the foregoing railroads, premises, properties, real and personal, rights, franchises, estates and appurtenances, hereby conveyed and assigned, or intended to be conveyed or assigned, unto the Mortgagee, its successor and their respective assigns in trust forever.

SUBJECT, HOWEVER, as to the Mortgaged Property identified in Annex I and Annex II to this Mortgage, to the Liens described in Annex III to this Mortgage, (all such Liens described in Annex III to this Mortgage being hereinafter collectively called the "Permitted Encumbrances"); provided, however, that the Mortgagee upon the happening of any Event of Default shall have and may exercise any and all rights of the Mortgagor to terminate any such Permitted Encumbrance.

Nothing herein contained shall be construed as constituting the Mortgagee a mortgagee-in-possession in the absence of the taking of actual possession of the Mortgaged Property by the Mortgagee. In the exercise of the powers herein granted the Mortgagee, no liability shall be asserted or enforced against the Mortgagee, all such liability being expressly waived and released by Mortgagor.

ARTICLE I

Certain Representations and Covenants

The Mortgagor covenants, warrants and agrees as follows:

SECTION 1.1. Loan Document Covenants. Each and all of the terms, provisions, restrictions, covenants and agreements set forth in the Notes, Credit Agreement and the other Loan Documents, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, are incorporated herein by reference to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Notes, Credit Agreement and the other Loan Documents were fully set out in an amendment or supplement to this Mortgage and the Mortgagor does hereby covenant and agree well and truly to abide by, perform and be governed and restricted by each and all of the matters provided for by the Notes, Credit Agreement and the other Loan Documents and so incorporated herein to the same extent

and with the same force and effect as if each and all of said terms, provisions, restrictions, covenants and agreements so incorporated herein by reference were set out and repeated herein at length, it being the express intent that each of this Mortgage, the Notes, the Credit Agreement and the other Loan Documents complement and supplement each other such document to the extent necessary or required to protect, preserve and confirm the rights, powers and remedies of the Bank with respect to the Obligations.

SECTION 1.2. Payment of Obligations. The Mortgagor will duly and punctually pay the Indebtedness and perform the Obligations secured hereby according to the terms of the Loan Documents.

SECTION 1.3. Further Assurances. All Mortgaged Property by this Mortgage covenanted to be mortgaged and any Mortgaged Property at any time acquired by the Mortgagor and required by this Mortgage to be mortgaged shall, immediately upon the acquisition thereof by the Mortgagor and without any further act, become and be subject to the lien of this Mortgage as fully and completely as though now owned by the Mortgagor and specifically described in the granting clauses hereof; but, at any and all such, the Mortgagor will make and deliver any and all such further assurances or conveyances or assignments thereof and take all such actions or cause such actions to be taken as may be required by the Mortgagee to establish, preserve, protect or perfect the lien of this Mortgage; and the Mortgagor will, at its own expense, do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all and every such further acts, deeds, conveyances, transfers and assurances as shall be necessary or reasonably requested by the Mortgagee for such purpose. The Mortgagor shall, within 15 days after the purchase of any Rolling Stock, notify the Mortgagee of such purchase and provide road, serial numbers and such other identifying information as the Mortgagee shall reasonably request with respect to such acquired equipment. The Mortgagor shall, at its own expense, cause a supplement to this Mortgage in form and content reasonably acceptable to the Mortgagee to be prepared and duly executed and acknowledged by the Mortgagor in form suitable for recording and delivered to the Mortgagee within such 15 day period granting the Mortgagee a security interest in such acquired equipment. The Mortgagee shall execute such supplement and the Mortgagor shall cause such supplement to be filed, at the Mortgagor's expense, with the United States Interstate Commerce Commission (hereinafter the "ICC") pursuant to 49 U.S.C. § 11303 and deposited with the

Registrar General of Canada (notice of such deposit to be set forthwith given in The Canada Gazette) pursuant to Section 86 of the Railway Act of Canada, as well as with or in other appropriate recording authorities or offices.

SECTION 1.4. Title to Mortgaged Property; Liens.

(a) The Mortgagor represents, warrants, covenants and agrees that it is lawfully seized and possessed of, and has good and marketable title to the extent necessary for Mortgagor to operate a continuous railroad system with respect to the real property described in Annex II (which accurately describes such real property together with the buildings and improvements thereon) (subject to the Permitted Encumbrances), has valid leasehold interests in the balance of the Mortgaged Property, and has good and marketable title free and clear of all Liens to all Mortgaged Property which is personal property, has a good right to mortgage such Mortgaged Property, and that such Mortgaged Property is free from all Liens except Permitted Encumbrances, and, except as aforesaid, warrants the title to same against the lawful claims of all persons whomsoever. The Mortgagor has a good right to convey such Mortgaged Property and the Mortgagor has received all deeds, assignments, bills of sale and other documents and duly effected all recordings, filings and other actions necessary or appropriate to establish, protect and perfect the Mortgagor's right, title and interest in and to the Mortgaged Property to the extent provided above.

(b) Except for Permitted Encumbrances and Liens permitted under the Credit Agreement, the Mortgagor will not create or suffer to exist any Lien upon the Mortgaged Property, or any part thereof, or upon the income thereof. The Mortgagor will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, promptly and in any case prior to the due date thereof, all lawful claims and demands of mechanics, laborers and others which, if unpaid, might by law be entitled to a lien or charge upon the Mortgaged Property or some part thereof, or the income thereof. The Mortgagor hereby represents, warrants, covenants and agrees that no Lien described in Annex III shall alone or in the aggregate materially impair the value of any the Mortgaged Property or the economic and efficient use thereof for railroad purposes. With respect to Liens described in Annex III to this Mortgage, the Mortgagor shall take all reasonable steps to discharge any such Liens which are material, promptly upon the Mortgagor's being made aware of the existence or probable existence of such Lien.

SECTION 1.5. Maintenance of Existence and Mortgaged Property. The Mortgagor shall at all times preserve its corporate existence. The Mortgagor shall at all times (a) diligently preserve all the rights and franchises to it granted and upon it conferred, (b) maintain, preserve and

keep, or cause to be maintained, preserved and kept, all the Rolling Stock, fixtures, appurtenances and other Mortgaged Property subject to this Mortgage in good repair (ordinary wear and tear excepted), working order and condition (i) for their intended use, (ii) in accordance with industry standards and (iii) in accordance with the Interchange Rules Association of American Railroads and in full compliance with any applicable law, rules, regulations or standards which may be promulgated by the Department of Transportation, Federal Railway Administration, the ICC or any other Federal governmental authority which shall at the time exercise such similar powers in regard to railroads, (c) keep, or cause to be kept, in accordance with industry practices of like railroads, the railroads, premises and other Mortgaged Property subject to this Mortgage supplied with all necessary motive power, Rolling Stock and equipment, and (d) make, or cause to be made, all necessary repairs, renewals and replacements, alterations, additions, betterments and improvements consistent with good industry practices; provided, however, that the Mortgagor will not retire, abandon or sell any material properties used or useful in the business of the Mortgagor or its subsidiaries; provided further, however, that the Mortgagor shall not change the intended use of any material property from the use which it served prior to the date of acquisition unless (i) an ordinarily prudent person in the management of his own business properties would change the intended use of such property and (ii) the change of such intended use and all other changes of intended use to the date of such change would not individually or in the aggregate materially impair the value or useful life of the Mortgaged Property.

SECTION 1.6. Insurance. The Mortgagor shall, at its sole cost and expense, obtain for, deliver to, assign and maintain or cause to be maintained for the benefit of the Mortgagee and shall endorse to name the Mortgagee as loss payee, with financially sound and reputable insurers, insurance with respect to the Mortgaged Property and its business and the properties and business of its subsidiaries against any risk, loss or damage of the kinds customarily insured against by corporations of established reputation engaged in the same or similar businesses and similarly situated, of such types and in such amount as are customarily carried under similar circumstances by such other corporations, including without limitation public liability insurance against claims for personal injury or death or property damage occurring upon, in, about or in connection with the use of any properties owned, occupied or controlled by the Mortgagor or any of its subsidiaries; provided, however,

that the Mortgagor will at all times maintain or cause such insurance to be maintained pursuant to the Credit Agreement and with financially sound and reputable insurers acceptable to the Mortgagee. In the event of such a casualty loss, the proceeds from such insurance policies shall be paid and applied as specified in Section 3.4 hereof.

SECTION 1.7. Recording of Mortgage; Opinions.

(a) The Mortgagor, at its own expense, shall cause this Mortgage and all financing statements and other documents to be recorded and filed on the Closing Date or promptly, and in any event no later than three days, after the Closing Date, and will execute and cause, at its own cost and expense, all mortgages, amendments and instruments supplemental hereto and all financing statements, continuation statements and other documents, to be recorded and filed and to be kept recorded and filed in such manner, at such times after the date hereof and in such places as may be required by law, including 49 U.S.C. § 11303, Section 86 of the Railway Act of Canada and the Uniform Commercial Code, or necessary or advisable or reasonably requested by the Mortgagee in order fully to establish, preserve, protect and perfect the first and prior lien of this Mortgage and the rights of the Mortgagee and all other persons entitled to the benefit of the Obligations.

(b) The Mortgagor will, at its own expense, furnish to the Mortgagee promptly after the execution and delivery of this Mortgage and prior to each amendment or supplement to this Mortgage, at the request of the Mortgagee in its sole and absolute discretion, an opinion of counsel stating that, in the opinion of such counsel, this Mortgage or such amendment or supplement, as the case may be, has been properly recorded or filed for record so as to make effective of record the lien intended to be created hereby.

SECTION 1.8. Advances. If the Mortgagor shall fail to comply with the covenants contained herein, or in any of the other Loan Documents, with respect to the procuring of insurance, the payment of taxes, assessments and other charges, or the keeping of the Mortgaged Property in repair and free of other Liens, the Mortgagee may make advances to perform the same; and the Mortgagor agrees to repay all sums so advanced upon demand with interest at the rate as provided in Section 2.07 of the Credit Agreement; and all sums so advanced, with interest, shall be secured hereby, but no such advance shall be deemed to relieve the Mortgagor from any default hereunder.

SECTION 1.9. After-Acquired Property. Any and all property hereafter acquired which is of the kind or nature described in the granting clauses hereof and is or is intended to become a part thereof, shall ipso facto, and without any further conveyance, assignment or act on the part of the Mortgagor or the Mortgagee become and be subject to the lien of this Mortgage as fully and completely as though specifically described herein; but nevertheless the Mortgagor shall from time to time, if requested by the Mortgagee, execute and deliver any and all such further assurances, conveyances and assignments thereof as the Mortgagee may reasonably require for the purpose of expressly and specifically subjecting to the lien of this Mortgage any and all such property.

SECTION 1.10. Access by Mortgagee. The Mortgagor will (a) during business hours and, upon prior written notice, at other reasonable times, permit access by the Mortgagee to its books and records, offices, insurance policies and other papers for examination and making of copies and extracts; (b) from time to time prepare such reports and schedules as the Mortgagee may request; and (c) permit the Mortgagee and its agents, at all reasonable times, to enter on and inspect the Mortgaged Property; provided, however, that the Mortgagee and each such representative upon request shall comply with all reasonable safety procedures established by the Mortgagor.

SECTION 1.11. Taxes and Impositions. The Mortgagor agrees that if any Federal, state or municipal government, or any of its subdivisions having jurisdiction, shall levy, assess or charge any tax, assessment or imposition upon this Mortgage or the Obligations or the interest of the Mortgagee in the Mortgaged Property or any thereof or upon Mortgagee (excepting therefrom any income tax on interest payments on the principal portion of the indebtedness secured hereby), the Mortgagor shall pay all such taxes, assessments and impositions to or for Mortgagee as they become due and payable; provided, however, that such payment shall not be required with respect to any tax, assessment, charge, levy or claim so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and the Mortgagor shall set aside on its books adequate reserves with respect thereto.

SECTION 1.12. Marking of Rolling Stock. The Mortgagor will keep and maintain, or cause to be kept and maintained, plainly, distinctly, permanently and conspicuously marked on each item of Mortgaged Property that

consists of Rolling Stock and any Rolling Stock that is hereafter acquired or obtained through the exercise of any purchase option under a Lease in letters not less than seven-sixteenths of an inch in height:

"OWNERSHIP SUBJECT TO SECURITY AGREEMENT FILED
WITH THE INTERSTATE COMMERCE COMMISSION"

or other appropriate words designated by the Mortgagee with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the security interests of the Mortgagee in such Rolling Stock and its rights hereunder. The Mortgagor shall have up to 30 Business Days after the Closing Date to place such aforementioned markings on the Rolling Stock. The Mortgagor will not place any item of Rolling Stock in operation or exercise any control or dominion over any item of Rolling Stock unless and until such markings have been made thereon and will replace promptly any such markings which may be removed, defaced or destroyed. The Mortgagor will cause all Rolling Stock to be kept numbered with the respective serial, running and other identifying numbers set forth in Annex I hereto. The Mortgagor will not (a) change or authorize to be changed such serial, running or other identifying numbers or (b) place any item of Rolling Stock in service or otherwise exercise any control or dominion over any item of Rolling Stock if the serial, running or other identifying number of such item of Rolling Stock is not contained in Annex I hereto, unless and until an amendment to this Mortgage shall have been filed and recorded by the Mortgagor with the ICC and deposited with the Registrar General of Canada (notice of such forthwith given in The Canada Gazette) pursuant to Section 86 of the Railway Act of Canada, and at the request of the Mortgagee in its sole and absolute discretion, the Mortgagor shall have furnished to the Mortgagee a legal opinion to the effect that (i) such amendment has been so filed and recorded, (ii) such filing and recordation will protect the Mortgagee's security interest in and Mortgage on the Rolling Stock and (iii) no other filing or recording with or to any other Federal, state or local government or agency thereof is necessary to protect the security interest of the Mortgagee in the Rolling Stock in the United States. If the Mortgagor fails to take any action specified in the immediately preceding sentence, the Mortgagor hereby authorizes the Mortgagee to modify this Mortgage by amending Annex I hereto as applicable, to reflect such changes or additions to the serial, running or other identifying numbers contained

therein and to record the same with the ICC or the Registrar General of Canada.

SECTION 1.13. Mortgagor's Agreement with Respect to the Leases. To protect the grant hereunder of the

security interest to the Mortgagee in the Leases, Mortgagor hereby agrees as follows:

(a) The Mortgagor shall faithfully abide by, perform and discharge each and every material obligation, covenant, condition, duty and agreement which the Leases provide are to be performed by the Mortgagor.

(b) Without the prior written consent of Mortgagee, the Mortgagor shall not amend, modify or otherwise change or terminate any of the Leases. Any attempts at amendment, modification, other change or termination of the Leases made in violation of the provisions of this Section shall be void.

(c) At the Mortgagor's sole cost and expense, the Mortgagor will appear in and defend any action or proceedings arising under, growing out of or in any manner connected with the obligations, covenants, conditions, charters, agreements or liabilities of the Mortgagor under any and all of the Leases.

(d) Without the prior written consent of the Mortgagee, the Mortgagor shall not commence or compromise any action, suit, proceeding or case or file any application or make any motion affecting any of the Leases in any bankruptcy proceeding other than a proceeding in which the Mortgagor is the debtor.

SECTION 1.14. Collection Deposit Account; Collections. (a) The Mortgagor shall make or cause to be made into the Collection Deposit Account any and all direct payments of all remittances on all Accounts Receivable.

(b) From and after the Closing Date, the Mortgagor shall agree to notify and direct promptly each Account Debtor and every other person obligated to make payments on Accounts Receivable or in respect of any inventory to make all such payments to a Collection Deposit Account established by it. The Mortgagor shall use all reasonable efforts to cause each Account Debtor and every other person identified in the preceding sentence to make all payments

with respect to Accounts Receivable and inventory directly to such Collection Deposit Account.

(c) The Mortgagor shall use all reasonable efforts to prevent any funds which are not payments on Accounts Receivable or inventory from being deposited into, or otherwise commingled with, the funds held in the Collection Deposit Account. Unless and until the happening of an Event of Default, the Mortgagor may at any time withdraw any of the funds contained in a Collection Deposit Account established by it for use for general corporate purposes.

(d) Upon the occurrence of an Event of Default, each Collection Deposit Account will, without any further action taken on the part of the Mortgagor or the Mortgagee, automatically convert into a closed lockbox account under the exclusive dominion and control of the Mortgagee in which funds are held subject to the rights of the Mortgagee hereunder. The Mortgagor shall not thereafter have any right or power to withdraw any funds from any Collection Deposit Account without the prior written consent of the Mortgagee. The Mortgagor hereby irrevocably authorizes the Mortgagee to notify each Sub-Agent (as defined in the Lockbox Agreement) (i) of the occurrence of an Event of Default and (ii) of the matters referred to in this paragraph (d). Following the occurrence of an Event of Default, subject to the terms of the Lockbox Agreement, the Mortgagee may instruct each Sub-Agent to immediately transfer all funds held in each Collection Deposit Account to an account maintained with the Mortgagee.

(e) In the event that the Mortgagor directly receives any remittances on Accounts Receivable or inventory, notwithstanding the arrangements for payment directly into the Collection Deposit Account, such remittances shall be held for the benefit of the Mortgagee and shall be segregated from other funds of the Mortgagor, subject to the security interest granted hereby, and the Mortgagor shall cause such remittances and payments to be deposited into the Collection Deposit Account with the Mortgagee or the Sub-Agent as soon as practicable after the Mortgagor's receipt thereof.

(f) Upon the occurrence of any Event of Default, the Mortgagee shall have the right, as the true and lawful agent of the Mortgagor, with power of substitution for the Mortgagor and in the Mortgagor's name, the Mortgagee's name or otherwise, for the use and benefit of the Mortgagee (i) to receive, endorse, assign and/or deliver any and all

notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Mortgaged Property or any part thereof; (ii) to demand, collect, receive payment of, give receipt for and give discharges and releases of all or any of the Mortgaged Property; (iii) to sign the name of the Mortgagor on any invoice or bill of lading relating to any of the Mortgaged Property; (iv) to send verifications of Accounts Receivable to any customer; (v) to commence and prosecute any and all suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or otherwise realize on all or any of the Mortgaged Property or to enforce any rights in respect of any Mortgaged Property; (vi) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to or pertaining to all or any of the Mortgaged Property; (vii) to notify, or to require the Mortgagor to notify, the Account Debtors obligated on any or all of the Accounts Receivable to make payment thereof directly to the Mortgagee; and (viii) subject to the last sentence of paragraph (d) above, to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with all or any of the Mortgaged Property, and to do all other acts and things necessary to carry out the purposes of this Mortgage, as fully and completely as though the Mortgagee were the absolute owner of the Mortgaged Property for all purposes; provided, however, that nothing therein contained shall be construed as requiring or obligating the Mortgagee to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by the Mortgagee, or to present or file any claim or notice, or to take any action with respect to the Mortgaged Property or any part thereof or the moneys due or to become due in respect thereof or any property covered thereby, and no action taken by the Mortgagee or omitted to be taken with respect to the Mortgaged Property or any part thereof shall give rise to any defense, counterclaim or offset in favor of the Mortgagor or to any claim or action against the Mortgagee. It is understood and agreed that the appointment of the Mortgagee as the agent of the Mortgagor for the purposes set forth above in this Section is coupled with an interest and is irrevocable. The provisions of this Section shall in no event relieve the Mortgagor of any of its obligations hereunder or under the Credit Agreement with respect to the Mortgaged Property or any part thereof or impose any obligation on the Mortgagee to proceed in any particular manner with respect to the Mortgaged Property or any part thereof, or in any way limit the exercise by the Mortgagee of any other or further right which it may have on the date of this Mortgage or hereafter,

whether hereunder, under the Credit Agreement or by law or otherwise.

ARTICLE II

Remedies and Other Rights

SECTION 2.1. Remedies. If there shall occur and be continuing an Event of Default (as defined in the Credit Agreement), then and in each and every such case the Mortgagee, personally, or by its agents or attorneys, may, at the expense of the Mortgagor and the Mortgaged Property, at any time and from time to time, to the fullest extent allowed by applicable law:

(a) by notice in writing to the Mortgagor declare the entire unpaid balance of the Indebtedness to be immediately due and payable and thereupon all such unpaid balance, together with all accrued interest thereon and premium, if any, shall be and become immediately due and payable; or

(b) enter into and upon all or any part of the Mortgaged Property, including the railroads, Rolling Stock, property and premises, lands, rights, interest and franchises hereby Mortgaged or intended so to be, and each and every part thereof, and exclude the Mortgagor therefrom; use, operate, manage and control all or any part of the Mortgaged Property, regulate the tolls for the transportation of passengers and freight thereon, and conduct the business thereof; by purchase, repairs or construction, maintain and restore, and insure or keep insured, all or any part of the Mortgaged Property and any property used in connection with all or any part of the Mortgaged Property, or convert all or any part of the Mortgaged Property to any other use which the Mortgagee shall in its sole discretion determine; make all necessary, useful or proper repairs, renewals, replacements, alterations, additions, betterments and improvements, as the Mortgagee may in its sole discretion determine; manage the Mortgaged Property and carry on the business and exercise all rights and powers of the Mortgagor, either in the name of the Mortgagor or otherwise, as the Mortgagee shall in its sole discretion determine; and collect and receive all tolls, earnings, income, rents, issues, profits and proceeds of the same and every part thereof; or

(c) foreclose upon, sell, assign, transfer and deliver, subject to any or all then existing Liens thereon, all or any portion of the Mortgaged Property, including all the rights, title, estates, railroads, equipment, inventory, receivables, franchises, leases, leasehold interests, contracts and appurtenances, stocks and bonds, and all other property of every name and nature, and all or any estate, right, title and interest, claim and demand therein, and right of redemption thereof, at any private sale or public auction with or without demand, advertisement or notice (except as may be required by applicable law) of the date, time and place of sale and any adjournment thereof, for cash or credit or other property, for immediate or future delivery and for such price or prices and on such terms as the Mortgagee, in its sole discretion, may determine, or as may be required by applicable law; or

(d) proceed to protect and to enforce its rights and the rights of all other persons entitled to the benefit of the Obligations under this Mortgage, by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement contained herein or in the Credit Agreement, or in aid of the execution of any power herein or therein granted, or for the foreclosure of this Mortgage, or for the enforcement of any other appropriate legal or equitable remedy, as the Mortgagee shall deem effectual to protect and enforce any of its rights or duties under this Mortgage or the rights of the Mortgagee and all other persons entitled to the benefit of the Obligations; or

(e) exercise any rights or remedies given to secured parties under the applicable Uniform Commercial Code or exercise any statutory power of sale or any other right given to mortgagees' under any applicable law; the Mortgagor agrees that 15 days' prior written notice of the time and place of any public sale or the time after which a private sale of all or any portion of the Mortgaged Property may be made is reasonable for all purposes of the Uniform Commercial Code; or

(f) in case of any sale of the Mortgaged Property, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Mortgage, the Obligations if not previously due, shall at once become and be immediately due and payable; also in the case of

any such sale, the Mortgagee may bid and become the purchaser, and the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Notes and any claims for interest and premium matured and unpaid thereon, in order that there may be credited as paid on the purchase price the same apportionable and applicable to the Notes including principal and interest and premium thereof, out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in cash. If at any foreclosure proceeding the Mortgaged Property shall be sold for a sum less than the total amount of indebtedness for which judgment is therein given, the Mortgagee shall be entitled to the entry of a deficiency decree against the Mortgagor and against the property of the Mortgagor for the amount of such deficiency; or

(g) exercise any remedies available under the Notes; or

(h) any combination of the foregoing.

SECTION 2.2. Power to Convey Title. Upon any conveyance, assignment or transfer under this Mortgage, the Mortgagee, if then permitted by existing law, shall have the power to execute and deliver to the accepted purchaser or purchasers a good and sufficient deed or deeds and other instruments conveying, assigning and transferring the Mortgaged Property sold. The Mortgagee and its successors in trust hereby are irrevocably appointed the true and lawful attorneys of the Mortgagor, in its name and stead, to make all such conveyances, assignments and transfers of the Mortgaged Property; and, for that purpose, the Mortgagee or its successors in trust may execute all requisite deeds and instruments of conveyance, assignment and transfer, and may, substitute one or more persons with like power; the Mortgagor hereby ratifying and confirming all that its said attorneys or such substitute or substitutes shall lawfully do by virtue hereof. Nevertheless, the Mortgagor shall, if so requested by the Mortgagee, ratify and confirm any conveyance, assignment or transfer by executing and delivering to the Mortgagee or to such purchaser or purchasers all such instruments as may be requested by the Mortgagee.

SECTION 2.3. Effect of Sale. Any conveyance, assignment or transfer made under or by virtue of this Mortgage, whether under the power of sale herein granted and

conferred or under or by virtue of judicial proceedings, shall operate to divest all estate, right, title, interest, claim and demand whatsoever, either at law or in equity, of the Mortgagor of, in and to the Mortgaged Property so conveyed, assigned or transferred, and shall be a perpetual bar, both at law and in equity, against the Mortgagor, its successors and assigns, and against any and all persons claiming or to claim the Mortgaged Property conveyed, assigned or transferred, from, through or under the Mortgagor, its successors or assigns.

SECTION 2.4. Purchaser Discharged. The receipt of the Mortgagee for the consideration paid at any such conveyance, assignment or transfer shall be a sufficient discharge therefor to any purchaser of the Mortgaged Property; and no such purchaser or his representatives, grantees or assigns, after paying such consideration and receiving such receipt, shall be bound to see to the application of such consideration or any part thereof upon or for any trust or purpose of this Mortgage, or in any manner whatsoever be answerable for any loss, misapplication or nonapplication of any such consideration or any part thereof, or be bound to inquire as to the authorization, necessity, expediency or regularity of any such sale.

SECTION 2.5. Right To Buy at Sale. To the fullest extent allowed by applicable law, the Mortgagee or any other person entitled to the benefit of any Obligation may be a purchaser of the Collateral or any part thereof or any interest therein at any sale thereof, whether pursuant to foreclosure or power of sale or otherwise. The Mortgagee may apply against the purchase price therefor the amount then due in respect of the Obligations, and any other person entitled to the payment of any Obligation may apply against the purchase price therefor the amount thereof then due and owing to such person, the payment of which this Mortgage by its terms secures, which shall, upon distribution of the net proceeds of such sale, be payable to such person. The Mortgagee or any such person, upon any such purchase, shall acquire good title to the property so purchased, free of the lien of this Mortgage.

SECTION 2.6. Application of Proceeds. The proceeds of any exercise of remedies hereunder, whether made under the right of entry or the power of sale herein granted or pursuant to judicial proceedings or otherwise, together with any other sums which then may be held by the Mortgagee

under any of the provisions of this Mortgage, shall be applied as follows:

FIRST. To the payment of the costs and expenses of the Mortgagee, its agents, attorneys and counsel, and of all expenses, liabilities and advances made or incurred by the Mortgagee in managing and maintaining the Mortgaged Property, the costs and expenses of effecting any conveyance, assignment or transfer hereunder and to the payment of all taxes, assessments or other Liens, except Liens subject to which any Mortgaged Property shall have been sold;

SECOND. To the amount then owing or unpaid on the Obligations for principal, premium, if any, and interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Obligations, then ratably according to the aggregate of such principal and the accrued and unpaid interest and premium, if any, with application on each Note to be made, first to unpaid interest thereon, second, to unpaid premium, if any, thereon, third, to the unpaid principal thereof, and fourth, to all other sums owing thereon; and

THIRD. To the payment of the surplus, if any, to the Mortgagor, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

SECTION 2.7. Waiver of Rights. The Mortgagor agrees, to the fullest extent allowed by applicable law, that it will not at any time insist upon or plead, or in any manner whatever claim, or take the benefit or advantage of, any exemption, stay or extension law or any so-called "moratorium law", now or at any time hereafter in force; nor will it claim, take or insist upon any benefit or advantage from any law now or hereafter in force providing for the valuation or appraisal of the Mortgaged Property, or any part thereof, prior to any disposition thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor will it insist upon, or be entitled to, the fixing of an upset price upon the Mortgaged Property, or any part thereof, in connection with any such sale; nor after any such disposition will it claim or exercise any right under any statute heretofore or hereafter enacted, or otherwise, to redeem the Mortgaged Property so sold or any part thereof; and the Mortgagor, for itself and all persons

claiming under or through it, hereby expressly waives, to the fullest extent allowed by applicable law, all such rights and all benefit and advantage of any such law or laws, and it covenants and agrees, to the fullest extent allowed by applicable law, that it will not hinder, delay or impede the execution of any power herein granted or delegated to the Mortgagee, but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted. In addition, the Mortgagor, for itself and all persons claiming under or through it, to the fullest extent allowed by applicable law, hereby (a) agrees that, if any Mortgaged Property proposed to be conveyed, assigned or transferred hereunder should be situated in two or more states, counties or judicial districts, the Mortgagee and its successors in trust shall have full power in connection with such conveyance, assignment or sale to select in which state, county or judicial district any or all such Mortgaged Property shall be conveyed, assigned or transferred, (b) waives, on behalf of itself and all persons now or hereafter interested in the Mortgaged Property, to the fullest extent of applicable law, the provisions of any statutes or laws of the jurisdiction in which the Mortgaged Property is located that restrict the right of the Mortgagee to offer for sale more than a specified amount of the Mortgaged Property, and the Mortgagee may offer for sale any or all Mortgaged Property at any time regardless of the manner in which it may be described and (c) waives, on behalf of itself and all persons now or hereafter interested in the Mortgaged Property, to the fullest extent of applicable law, the provisions of any statutes or laws of the jurisdiction in which Mortgaged Property is located, providing for forfeiture for failure to note of record an assignment of indebtedness secured by mortgages, deeds of trust or security interests. **THE MORTGAGOR DOES HEREBY EXPRESSLY WAIVE ANY AND ALL RIGHTS OF REDEMPTION FROM SALE UNDER ANY ORDER OR JUDGMENT OF FORECLOSURE OF THE LIEN OF THIS MORTGAGE ON BEHALF OF THE MORTGAGOR AND EACH AND EVERY PERSON ACQUIRING ANY INTEREST IN OR TITLE TO THE MORTGAGED PROPERTY SUBSEQUENT TO THE DATE OF THIS MORTGAGE AND ON BEHALF OF ANY OTHER PERSONS TO THE EXTENT PERMITTED BY THE PROVISIONS OF CHAPTER 110, SECTION 12-124 OF THE ILLINOIS REVISED STATUTES.**

SECTION 2.8. Abandonment Not Waiver. In case the Mortgagee shall have proceeded to enforce any right under this Mortgage by foreclosure, entry or otherwise, and such proceeding shall have been discontinued or abandoned because of waiver or for any other reason, or shall have been determined adversely to the Mortgagee, then, and in every such

case, the Mortgagor and the Mortgagee shall severally and respectively be restored to their former positions and rights hereunder in respect of the Mortgaged Property, and all rights, remedies and powers of the Mortgagee and of the Mortgagor shall continue as though no such proceedings had been taken.

SECTION 2.9. Delay or Omission Not Waiver. No delay or omission of the Mortgagee to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default, or an acquiescence therein; and every power and remedy given by this Mortgage may be exercised from time to time, and as often as may be deemed expedient, by the Mortgagee.

SECTION 2.10. Appointment of Receiver. The Mortgagee shall, as a matter of right, be entitled to the appointment of a receiver (who may be the Mortgagee or any successor or nominee thereof) for all or any part of the Mortgaged Property, whether such receivership be incidental to a proposed sale of Mortgaged Property or the taking of possession thereof or otherwise, and the Mortgagor hereby consents to the appointment of such a receiver and will not oppose any such appointment. Any receiver appointed for all or any part of the Mortgaged Property shall be entitled to exercise all the rights and powers with respect to the Mortgaged Property to the extent instructed to do so by the Mortgagee.

SECTION 2.11. Leases. The assignment of Leases contained in the granting clause of this Mortgage shall be fully operative without any further action on the part of the Mortgagor or the Mortgagee and shall entitle the Mortgagee to all Rents and Profits, whether or not Mortgagee takes possession of the Mortgaged Property. The Mortgagor hereby further grants to the Mortgagee the right (i) to enter upon and take possession of the Mortgaged Property for the purpose of collecting the Rents and Profits, (ii) to dispossess by the usual summary proceedings any tenant defaulting in the payment thereof to the Mortgagee, (iii) to let the Mortgaged Property or any part thereof, and (iv) to apply the Rents and Profits, after payment of all necessary charges and expenses, toward payment of the Indebtedness in such priority and proportions as the Mortgagee, in its discretion, shall deem proper, or to the operation, maintenance and repair of the Mortgaged Property, in each case whether or not sale or foreclosure has been instituted. Such assignment and grant shall continue in effect until the

Indebtedness has been fully paid and shall be cumulative of all other rights and remedies available to the Mortgagee under this Mortgage or otherwise. The foregoing provisions shall constitute an absolute and present assignment of the Rents and Profits to the Mortgagee, subject, however, to the conditional permission hereby given to the Mortgagor to collect the Rents and Profits until the occurrence of an Event of Default, when such conditional permission shall automatically terminate. Any Rents and Profits collected by the Mortgagor, or such portion of such Rents and Profits sufficient to discharge all current sums due on the Indebtedness, shall be held by the Mortgagor in trust for use in payment of the Indebtedness. Nothing contained in this Section shall be construed as imposing on the Mortgagee any of the obligations of the lessor (or lessee) under the Leases or any other leasehold rights covered hereby.

SECTION 2.12. No Merger. In the event of a foreclosure of this Mortgage or any other mortgage or deed of trust securing the Obligations, the Obligations then due the Mortgagee shall not be merged into any decree of foreclosure entered by the court, and Mortgagee may concurrently or subsequently seek to foreclose one or more mortgages or deeds of trust which also secure said Obligations.

SECTION 2.13 Remedies Not Exclusive. Mortgagee shall be entitled to enforce payment and performance of the Indebtedness or any obligations (including the Obligations) secured hereby and to exercise all rights and powers under this Mortgage or other agreement or any laws now or hereafter in force, notwithstanding some or all of the Indebtedness and obligations (including the Obligations) may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Mortgage nor its enforcement, whether by court action or pursuant to the power of sale or other powers herein contained, shall prejudice or in any manner affect Mortgagee's right to realize upon or enforce any other security now or hereafter held by Mortgagee, it being agreed that Mortgagee shall be entitled to enforce this Mortgage and any other security now or hereafter held by Mortgagee in such order and manner as Mortgagee may in Mortgagee's absolute discretion determine. No remedy herein conferred upon or reserved to Mortgagee is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given to Mortgagee or to which Mortgagee may

be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may deemed expedient by Mortgagee.

ARTICLE III

Possession, Use and Release of Mortgaged Property

SECTION 3.1. Mortgagor's Right of Possession. Provided no Event of Default has occurred and is continuing, the Mortgagor shall be permitted to remain in full possession, enjoyment and control of the Mortgaged Property subject always to the observance and performance of the terms of this Mortgage and the Loan Documents.

SECTION 3.2. Release of Mortgaged Property with Mortgagee Consent. In addition to releases pursuant to Section 3.5, the Mortgagor may sell, convey an interest in or otherwise dispose of any Mortgaged Property then subject to the lien of this Mortgage or any amendment or supplement hereto, and the Mortgagee may release the same from the lien hereof, to the extent and on the terms and upon compliance with the conditions provided for in any written consent given thereto at any time or from time to time by the Mortgagee in its sole discretion.

SECTION 3.3. Removed or Abandoned Property. The Mortgagee may, from time to time, release from the lien of this Mortgage any franchise or portion hereof which is to be or shall have been surrendered by the Mortgagor, and any tracks and structures which are to be or shall have been removed or abandoned by it; provided (a) that such surrender of franchise or such removal or abandonment of tracks or structures shall be or shall have been made pursuant to any agreement with a state, municipality or other political division or subdivision of a state, or to legal requirement, and shall have been duly authorized by all public authorities, if any, having jurisdiction in the premises, (b) that the Mortgagor, so far as may be permitted by law, shall retain all franchises, tracks and structures necessary or proper to entitle it to maintain and operate a continuous railroad system as theretofore operated, and (c) that, in the opinion of the Mortgagee, the value of the security afforded by this Mortgage shall not be, in any way, impaired or prejudiced thereby.

SECTION 3.4. Casualty Loss. If any portion of the Mortgaged Property shall be destroyed or damaged by fire

or any other casualty, resulting in a loss in excess of \$100,000, the Mortgagor shall give immediate notice to the Mortgagee of any such destruction or damage, who may make proof of loss if not promptly made by the Mortgagor, and each insurance company concerned is hereby authorized and directed by the Mortgagor to make payment for any loss in excess of \$300,000 directly to the Mortgagee. In the case of any loss of less than \$100,000, the Mortgagor shall apply any insurance proceeds as it sees fit for the prudent management of its business. In the case of any loss of greater than \$100,000 and less than \$300,000, the Mortgagor shall have the right to adjust such loss independently of the Mortgagee, and available insurance proceeds, less all costs and expenses of the Mortgagee in collecting such proceeds, shall be paid directly to and applied by the Mortgagor to the repair, restoration and replacement of the Mortgaged Property, provided that an Event of Default shall not have occurred and be continuing or that the Mortgagor shall not be in breach of any of its obligations hereunder or under the Credit Agreement, and provided further that the Mortgagee shall have received certification satisfactory to the Mortgagee that the fair value of such repair, restoration or replacement is not less than the value of such proceeds applied thereto. In the event of any loss in excess of \$300,000, or if the Mortgagor is in breach of any of its obligations hereunder or under the Credit Agreement, the Mortgagee shall participate in the adjustment of such loss, and any insurance proceeds received by the Mortgagor in respect of such loss shall be treated by the Mortgagor as Net Proceeds.

SECTION 3.5. Condemnation. (a) Immediately upon obtaining knowledge of the institution of any proceedings for the condemnation or taking by eminent domain or injury for public use of the Mortgaged Property, or any portion thereof, the Mortgagor shall notify the Mortgagee of the pendency of such proceedings. The Mortgagee may participate in any such proceedings where the amount in controversy exceeds \$100,000, and the Mortgagor shall from time to time deliver to the Mortgagee all instruments requested by it to permit such participation. The Mortgagor shall, at its expense, diligently prosecute any such proceedings and shall consult with the Mortgagee, its attorneys and experts and cooperate with it in any defense of any such proceedings.

(b) Mortgagor hereby assigns to Mortgagee, as additional security, all awards of damage resulting from such condemnation proceedings or the taking by eminent domain or injury to the Mortgaged Property for public use,

and Mortgagor agrees that the proceeds of all such awards shall be paid and applied to the Obligations.

SECTION 3.6. Replacement of Equipment. Subject to the provisions of Section 1.5 and the Credit Agreement, the Mortgagor shall have full power, in its discretion, from time to time in the ordinary course of business, to dispose of any portion of the equipment, machinery, apparatus, implements or other portable personal property at any time held subject to the lien hereof, which may have become obsolete or otherwise unfit for use upon the Mortgaged Property, by first or simultaneously replacing the same by new equipment, machinery, apparatus, implements or other portable personal property of at least equal value, which shall become subject to the lien of this Mortgage.

SECTION 3.7. Extension, Release, etc. Without affecting the lien or charge of this Mortgage upon any portion of the Mortgaged Property not then or theretofore released as security for the full amount of all unpaid obligations (including the Obligations), Mortgagee may, from time to time and without notice, agree to (i) release any person liable upon any such obligation, (ii) extend the maturity or alter any of the terms of any such obligation (including the Obligations), (iii) grant other indulgences, (iv) release or reconvey, or cause to be released or reconveyed at any time at Mortgagee's option any parcel, portion or all of the Mortgaged Property, (v) take or release any other or additional security for any obligation herein mentioned, or (vi) make compositions or other arrangements with debtors in relation thereto.

ARTICLE IV

Miscellaneous

SECTION 4.1. Nature of Instrument. This instrument may be construed as a mortgage, deed of trust, security agreement (within the meaning of the Uniform Commercial Code of the applicable state), chattel mortgage, conveyance, assignment, pledge, financing statement, hypothecation or contract, or any one or more of them, in order fully to effectuate the lien hereof and the purposes and agreements herein set forth. It is the intention of the parties hereto that this Mortgage shall constitute, in addition to a real property mortgage and an assignment of leases and rents, a security agreement within the meaning of the Uniform Commercial Code of the State in which the Mortgaged Property is located. Mortgagee shall have, therefore, in addition to

all the rights and remedies provided in the Credit Agreement, this Mortgage and the other Loan Documents, all the rights and remedies of a secured party under the aforementioned Uniform Commercial Code. Notwithstanding the filing of a financing statement covering any of the Mortgaged Property in the records normally pertaining to personal property, all of the Mortgaged Property, for all purposes and in all proceedings, legal or equitable, shall be regarded, at Mortgagee's option (to the extent permitted by law), as part of the real property and improvements thereon whether or not any such item is physically attached to the real property and improvements thereon or serial numbers are used for the better identification of certain items. The mention in any such financing statement of any of the Mortgaged Property shall never be construed as in any way derogating from or impairing this declaration and it is the hereby stated intention of the parties that such mention in the financing statement is hereby declared to be for the protection of Mortgagee in the event any court shall at any time hold that notice of Mortgagee's priority of interest, to be effective against any third party, including the Federal government and any authority or agency thereof, must be filed in the Uniform Commercial Code records. Pursuant to the provisions of the Uniform Commercial Code, Mortgagor hereby authorizes Mortgagee, without the signature of Mortgagor, to execute and file financing and continuation statements if Mortgagee shall determine, in its sole discretion, that such are necessary or advisable in order to perfect its security interest in the equipment covered by this Mortgage, and Mortgagor shall pay to Mortgagee, on demand, any expenses incurred by Mortgagee in connection with the preparation, execution, and filing of such statements that may be filed by Mortgagee.

SECTION 4.2. Fixture Filing. Certain of the Mortgaged Property is or will become fixtures on the real property which is a part of the Mortgaged Property described or referred to in this Mortgage, and this Mortgage upon being filed for record in the real estate records of the county wherein such fixtures are situated shall operate also as a financing statement filed as a fixture filing in accordance with the applicable provisions of said Uniform Commercial Code upon such of the Mortgaged Properties which is or may become fixtures.

SECTION 4.3. Security Interest Absolute. All rights of the Mortgagee hereunder, the security interest granted hereunder, and all obligations of the Mortgagor hereunder, shall be absolute and unconditional irrespective

of (a) any lack of validity or enforceability of the Credit Agreement, any agreement with respect to any of the Obligations or any other agreement or instrument relating to any of the foregoing, (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement or any other agreement or instrument, (c) any exchange, release or nonperfection of any other Mortgaged Property, or any release or amendment or waiver of or consent to or departure from any guaranty, for all or any of the Obligations, or (d) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Mortgagor in respect of the Obligations or in respect of this Mortgage.

SECTION 4.4. Termination. If all of the Obligations (except the Supplemental Fee) shall be paid, performed and discharged in full, the Mortgagee shall forthwith cause satisfaction and discharge of this Mortgage to be entered upon the record at the expense of the Mortgagor and shall execute and deliver or cause to be executed and delivered such instruments of satisfaction and reassignment as may be appropriate, and this Mortgage shall become null and void, the Mortgaged Property shall revert to the Mortgagor, and all powers and appointments granted herein shall cease and determine. Otherwise, this Mortgage shall remain and continue in full force and effect.

SECTION 4.5. Severability. If any provision hereof is invalid, illegal or unenforceable in any jurisdiction, the other provisions hereof shall remain in full force and effect in such jurisdiction and the remaining provisions hereof shall be liberally construed in favor of the Mortgagee in order to effectuate the provisions hereof, and the invalidity, illegality or unenforceability of any provision hereof in any jurisdiction shall not affect the validity, legality or enforceability of any such provision in any other jurisdiction.

SECTION 4.6. Survival. All agreements, representations and warranties made herein shall survive the execution and delivery of this Mortgage.

SECTION 4.7. Notices. Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed or sent by telecopy, graphic scanning or other telegraphic

communications equipment of the sending party, as follows:

(a) if to the Borrower, to it at 1661 Route 22 West, Bridgewater, New Jersey 08807, Attention of Mr. Gordon R. Fuller (Telecopy No. 201-754-4489), with a copy to Seyfarth, Shaw, Fairweather & Geraldson, Attention of Theodore E. Cornell III, Esq. (Telecopy No. 312-269-8869); and

(b) if to the Bank, to it in care of The Toronto-Dominion Bank, Chicago Branch, Attention: Manager--Credit Administration (Telecopy No. 312-346-0063), with a copy to Mr. Bruce W. McGillivray (Telecopy No. 212-262-1928).

All notices and other communications given to any party hereto in accordance with the provisions of this Mortgage shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service or sent by telecopy, graphic scanning or other telegraphic communications equipment of the sender, or on the date five Business Days after dispatch by certified or registered mail if mailed, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 4.7 or in accordance with the latest unrevoked direction from such party given in accordance with this Section 4.7.

SECTION 4.8. Amendments and Waivers. No amendment, modification, termination or waiver of any provision of this Mortgage, or consent to any departure by the Mortgagor therefrom, shall in any event be effective without the written concurrence of the Mortgagor and the Mortgagee. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on the Mortgagor in any case shall entitle the Mortgagor to any other or further notice or demand in similar or other circumstances. Any amendment, modification, termination, waiver or consent effected in accordance with this Section shall be binding upon the Mortgagor, Mortgagee and all other persons from time to time entitled to the benefit of the Obligations.

SECTION 4.9. Taxes on Mortgagee. If any Governmental Authority shall levy, access, or charge any tax (other than a direct tax on the income of the Mortgagee, assessment or imposition upon this Mortgage) the Indebtedness, the interest of the Mortgagee in the Mortgaged Property, or the Mortgagee by reason of or as holder of any of the foregoing, the Mortgagor shall pay all such taxes,

assessments and impositions to, for, or on account of the Mortgagee (or provide funds to the Mortgagee for such payment) as they become due and payable and on demand shall furnish proof of such payment to the Mortgagee. In the event of passage of any law or regulation permitting, authorizing or requiring the tax, assessment or imposition to be levied, assessed or charged, which law or regulation in the Mortgagor to make such payment shall be reduced to the highest rate authorized under applicable law without penalty.

SECTION 4.10. The Other Security Documents. The Mortgagor acknowledges that, in addition to this Mortgage, there are a number of other security documents (the "Other Security Documents" comprising several of the Loan Documents) which secure the Indebtedness and the Obligations. The Mortgagor agrees that the lien of this Mortgage shall be absolute and unconditional and shall not in any manner be affected or impaired by any acts or omissions whatsoever of the Mortgagee and, without limiting the generality of the foregoing, the lien hereof shall not be impaired by any acceptance by the Mortgagee of any security for or guarantors upon any of the Indebtedness or Obligations hereby secured, or by any failure, neglect or omission on the part of the Mortgagee to realize upon or protect any of the Indebtedness hereby secured or any collateral security therefor including the Other Security Documents. The lien hereof shall not in any manner be impaired or affected by any release (except as to the property released), sale, pledge, surrender, compromise, settlement, renewal, extension, indulgence, alteration, changing, modification or disposition of any of the Indebtedness hereby secured or of any of the collateral security therefor, including the Other Security Documents or of any guarantee thereof; and the Mortgagee may at its discretion foreclose, exercise any power of sale, or exercise any other remedy available to it under any or all of the Other Security Documents without first exercising or enforcing any of its rights and remedies hereunder. Such exercise of the Mortgagee's rights and remedies under any or all of the Other Security Documents shall not in any manner impair the Indebtedness or the Obligations hereby secured or the lien of this Mortgage and any exercise of the rights or remedies of the Mortgagee hereunder shall not impair the lien of any of the Other Security Documents or any of the Mortgagee's rights and remedies thereunder. The Mortgagor specifically consents and agrees that the Mortgagee may exercise its rights and remedies hereunder and under the Other Security Documents

separately or concurrently and in any order that it may deem appropriate.

SECTION 4.11. Consent to Transfer. In the event that the Mortgagee shall, at any time, sell, assign, lease with an option to sell, dispose of, further encumber or otherwise transfer (collectively, "Transfer") the Mortgaged Property whether in whole or in part, to any other person or entity without the prior written consent of the Mortgagee, or in the event title to the Mortgaged Property becomes vested in any other person or entity in any manner whatsoever, whether by operation of law or otherwise, all Indebtedness secured by this Mortgage and the other Security Documents shall, at the option of the Mortgagee, become immediately due and payable, and Mortgagee may avail itself of all remedies provided for herein.

SECTION 4.12. Interest Permitted Under Law. This Mortgage is limited so that in no contingency, whether by reason of demand for payment of or acceleration of the maturity of any of the Indebtedness or otherwise, shall the interest contracted for, charged or received by the Mortgagee, however characterized or computed, exceed the maximum amount permissible under applicable law. If, from any circumstance whatsoever, interest would otherwise be payable to the Mortgagee in excess of the maximum lawful amount, the interest payable to the Mortgagee shall be reduced to the maximum amount permitted under applicable law; and if from any circumstance the Mortgagee shall ever receive anything of value deemed interest by applicable law in excess of the maximum lawful amount, an amount equal to any excessive interest shall be applied to the reduction of the principal balance of the Indebtedness and not to the payment of interest or, if such excessive interest exceeds the unpaid balance of principal of the Indebtedness, such excess shall be refunded to Mortgagor. All interest paid or agreed to be paid to the Mortgagee shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full period until payment in full of the principal of the Indebtedness (including the period of any renewal or extension thereof) so that the interest thereon for such full period shall not exceed the maximum amount permitted by applicable law.

SECTION 4.13. Business Purpose; Usury Exemption. The Mortgagor represents and warrants to the Mortgagee that the Loans evidenced by the Notes, made pursuant to the Credit Agreement and secured by this Mortgage will be used for general corporate purposes specified in paragraph 6404

of Chapter 17 of the Illinois Revised Statutes and that the Obligations secured hereby constitute a "business loan" within the purview of said statute.

SECTION 4.14. Revolving Credit. This Mortgage secures, as part of the Obligations, a revolving line of credit the maximum amount of which may be advanced pursuant thereto shall never exceed \$1,000,000, not including interest which may accrue thereon or such amounts as may be advanced for the protection of the Mortgaged Property or the preservation of the priority of the liens and security interests of this Mortgage and the other Security Documents.

SECTION 4.15. Records and Schedules of Accounts and Eligible Inventory; Location of Mortgaged Property; Place of Business. (a) The Mortgagor shall keep or cause to be kept records of Accounts which are accurate in all material respects. Concurrently with the delivery of each Borrowing Base Certificate, the Mortgagor shall deliver to the Mortgagee an aging statement of Accounts Receivable in a form reasonably satisfactory to the Bank as of the end of the last calendar month, and as determined in accordance with GAAP and with the Mortgagor's usual recordkeeping and report preparation practices.

(b) On the Closing Date and concurrently with the delivery of each Borrowing Base Certificate, the Mortgagor shall deliver to the Mortgagee a Schedule of Eligible Inventory substantially in the form attached to Exhibit C to the Credit Agreement ("Schedule of Eligible Inventory") as of the end of the last calendar month, and as prepared in accordance with the Mortgagor's usual recordkeeping and report preparation practices, itemizing and describing the type, current value (valued on the lower of cost or posted market value) and general location of Eligible Inventory. A physical inventory may be conducted at the Mortgagor's expense by the Mortgagee (or a technical representative thereof or retained thereby) within six months of the Closing Date and thereafter, in the sole discretion of the Mortgagee, on an annual basis, and the results of any such physical inventory or inventories taken shall be reflected in the next Schedule of Eligible Inventory provided following each such physical inventory conducted by the Mortgagee. The Mortgagee will be supplied with such supporting information regarding inventory as the Mortgagee may reasonably request.

(c) The Mortgagor hereby represents and warrants that all the Mortgaged Property is located at the locations listed on Annex V hereto on the date of the execution hereof and shall at such time or times as the Mortgagee may request promptly prepare and deliver to the Mortgagee a duly certified schedule or schedules in a form reasonably satisfactory to the Mortgagee showing the location of any and all Mortgaged Property.

(d) The Mortgagor agrees that it (i) will not permit and will not cause to permit any of the Mortgaged Property now owned or hereafter acquired by it or any portion thereof to be removed to or placed in a jurisdiction other than one in which all filings under the Uniform Commercial Code have been made as legally required in order for the Mortgagee to have or to continue to have a valid first priority perfected security interest therein (subject only to the Permitted Encumbrances) and (ii) shall promptly notify the Mortgagee if any Mortgaged Property or any material portion thereof is damaged or destroyed.

(e) The Mortgagor agrees that its chief executive office is located as indicated on Annex V hereto. The Mortgagor agrees not to change, or permit to be changed, the location of its chief executive office unless all filings under the Uniform Commercial Code or otherwise which are legally required to be made have been made and the Mortgagee has a valid, legal and perfected first priority security interest in the Mortgaged Property (subject only to the Permitted Encumbrances).

SECTION 4.16. Hazardous Wastes. The Mortgagor shall:

(a) not store (except in compliance with all laws, ordinances, and regulations pertaining thereto), or dispose of any hazardous material or oil on the Mortgaged Property, or on any other site or vessel owned, occupied, or operated either by the Mortgagor, or any person for whose conduct Mortgagor is responsible;

(b) neither directly nor indirectly transport or arrange for the transport of any hazardous material or oil (except in compliance with all laws, ordinances and regulations pertaining thereto);

(c) take all such action, including, without limitation, the execution of engineering tests (at the sole expense of the Mortgagor) to confirm that no hazardous material or oil is stored on the Mortgaged Property (except

in compliance with all laws, ordinances and regulations pertaining thereto); and

(d) provide the Mortgagee with written notice: (i) upon the Mortgagor's obtaining knowledge of any potential or known release, or threat of release, of any hazardous material or oil at or from the Mortgaged Property, or any other site or vessel owned, occupied, or operated by the Mortgagor or by any other person for whose conduct the Mortgagor is responsible or whose liability may result in a Lien on the Mortgaged Property; (ii) upon the Mortgagor's receipt of any notice to such effect from any Governmental Authority; and (iii) upon the Mortgagor's obtaining knowledge of any incurrence of any material expense or loss by such Governmental Authority in connection with the assessment, containment, or removal of any hazardous material or oil for which expense or loss the Mortgagor may be liable or for which expense a Lien may be imposed on the Mortgaged Property.

SECTION 4.17. Receipt of Copy. Mortgagor acknowledges that it has received a true copy of this Mortgage.

SECTION 4.18. Headings; Meanings. Article and Section headings in this Mortgage are included herein for convenience of reference only and shall not constitute a part of this Mortgage for any other purpose or be given any substantive effect. Whenever used herein, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders.

SECTION 4.19. Applicable Law. This Mortgage has been executed and delivered in New York, New York, and shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of New York, except to the extent that the laws of other jurisdictions shall be mandatorily applicable hereto.

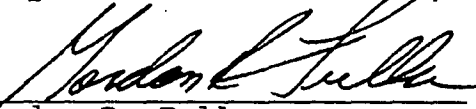
SECTION 4.20. Successors and Assigns. The terms and provisions of this Mortgage shall inure to the benefit of the Mortgagee, its successors and assigns and all other persons from time to time entitled to the benefit of any Obligation. This Mortgage shall be binding upon the Mortgagor, the Mortgagee and all other persons entitled to the benefits of the Obligations and their respective successors and assigns.

SECTION 4.21. Counterparts. This Mortgage and any amendments, waivers, consent or supplements may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all

such counterparts together shall constitute but one and the same instrument.

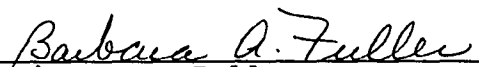
IN WITNESS WHEREOF, TP&W ACQUISITION CORPORATION has caused this Mortgage to be signed in its corporate name by its President, and its corporate seal to be hereunto affixed and the same to be attested by the signature of its Secretary or an Assistant Secretary on the 25th of January, 1989; and THE TORONTO-DOMINION BANK, CAYMAN ISLANDS BRANCH has caused this Mortgage to be signed in its corporate name by its **DIRECTOR** on the 25th of January, 1989.

TP&W ACQUISITION CORPORATION,


by 
Gordon R. Fuller
Title: President

[Corporate Seal]

Attest:


Barbara A. Fuller
Title: Assistant Secretary

THE TORONTO-DOMINION BANK,
CAYMAN ISLANDS BRANCH,

by 
Bruce W. McGillivray
Title: ~~Vice President~~
Director

The name and the address of the corporate headquarters of the Mortgagor is:

TP&W ACQUISITION CORPORATION
1661 Route 22 West
Bridgewater, New Jersey 08807

The name and the address of the corporate headquarters of the Mortgagor is:

TP&W ACQUISITION CORPORATION
1661 Route 22 West
Bridgewater, New Jersey 08807

The name and address of the Mortgagee is:

The Toronto-Dominion Bank
Cayman Islands Branch
c/o The Toronto-Dominion Bank
Chicago Branch
3 First National Plaza
Chicago, Illinois 60602

This instrument was prepared by:

Martin R. Levine, Esq.
Cravath, Swaine & Moore
One Chase Manhattan Plaza
New York, New York 10005

STATE OF NEW YORK ,)
) ss.:
 COUNTY OF NEW YORK ,)

I, the undersigned, a notary public in and for said county and said state, hereby certify that GORDON R. FULLER whose name as President of TP&W Acquisition Corporation, a New Jersey corporation, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation on the 25th day of January, 1989, to be effective as of February 3, 1989.

Given, under my hand and seal on this the 25th day of January, 1989.

[Notarial Seal]

Elizabeth Lopez
 Notary Public


ELIZABETH LOPEZ
 Notary Public, State of New York
 No. 24-4932731
 Qualified in Kings County
 Commission Expires July 25, 1990

STATE OF NEW YORK ,)
) ss.:
 COUNTY OF NEW YORK ,)

I, the undersigned, a notary public in and for said county and said state, hereby certify that BARBARA A. FULLER whose name as Assistant Secretary of TP&W Acquisition Corporation, a New Jersey corporation, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the said instrument, she, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation on the 25th day of January , 1989, to be effective as of February 3 , 1989.

Given, under my hand and seal on this the 25th day of January , 1989.

[Notarial Seal]


 Notary Public

ELIZABETH LOPEZ
 Notary Public, State of New York
 No. 24-4932731
 Qualified in Kings County
 Commission Expires July 25, 1990

[illegible]

I, the undersigned, a notary public in and for said county and said state, hereby certify that Bruce W. McGillivray whose name as Director of THE TORONTO-DOMINION BANK, CAYMAN ISLANDS BRANCH, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation on the 25th day of January, 1989, to be effective as of February 3, 1989.

Given, under my hand and seal on this the 25th
day of January, 1989.

Charles L. De Palma
Notary Public

[Notarial Seal]

CHARLES S. DePALMA
Notary Public, State of New York
No. 31-5990695
Qualified in New York County
Commission Expires December 31, 1990

Rolling Stock

LOCOMOTIVES

<u>Unit Number</u>	<u>Unit Number</u>
3022	3004
3039	3013
3019	3073
3068	3016
3051	3063
3014	3053
3034	3059
3071	3003
3015	3040
3074	

CROSS HOPPER CARS

Open Top Hopper Cars

	<u>Car Number</u>	<u>Car Number</u>	<u>Class</u>
1	ATSF 80000	TP&W 80000	Ga-138
2	ATSF 80004	TP&W 80004	Ga-138
3	ATSF 80015	TP&W 80015	Ga-138
4	ATSF 80016	TP&W 80016	Ga-138
5	ATSF 80021	TP&W 80021	Ga-138
6	ATSF 80026	TP&W 80026	Ga-138
7	ATSF 80029	TP&W 80029	Ga-138
8	ATSF 80034	TP&W 80034	Ga-138
9	ATSF 80037	TP&W 80037	Ga-138
10	ATSF 80052	TP&W 80052	Ga-138
11	ATSF 80054	TP&W 80054	Ga-138
12	ATSF 80061	TP&W 80061	Ga-138
13	ATSF 80062	TP&W 80062	Ga-138
14	ATSF 80066	TP&W 80066	Ga-138
15	ATSF 80076	TP&W 80076	Ga-138
16	ATSF 80070	TP&W 80070	Ga-138
17	ATSF 80080	TP&W 80080	Ga-138
18	ATSF 80094	TP&W 80094	Ga-138
19	ATSF 80106	TP&W 80106	Ga-138
20	ATSF 80109	TP&W 80109	Ga-138
21	ATSF 80131	TP&W 80131	Ga-138
22	ATSF 80135	TP&W 80135	Ga-138
23	ATSF 80162	TP&W 80162	Ga-138
24	ATSF 80177	TP&W 80177	Ga-138
25	ATSF 80193	TP&W 80193	Ga-138

CABOOSES

Caboose ATSF 999169

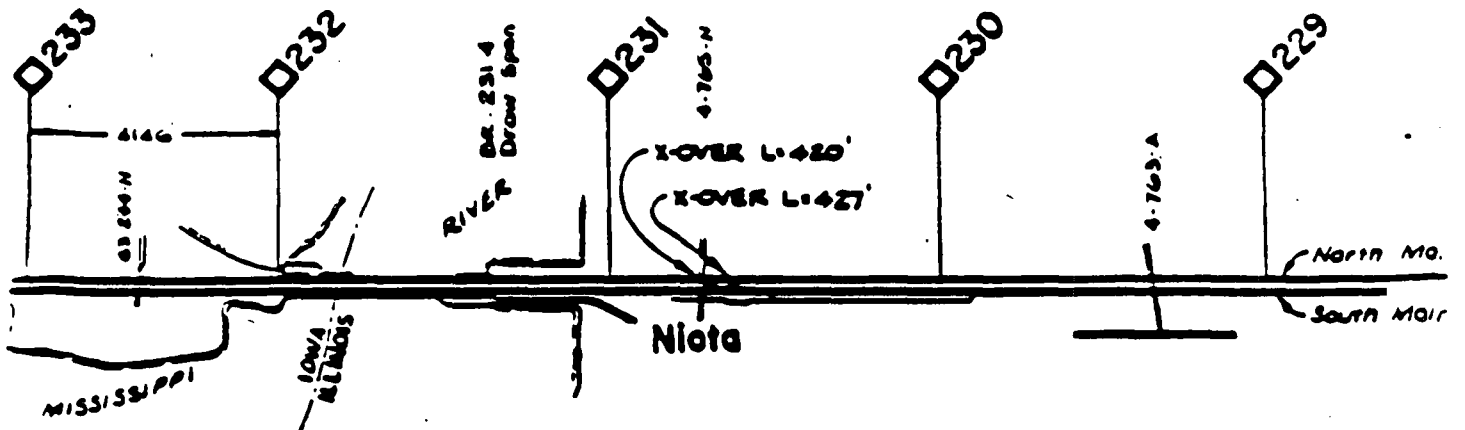
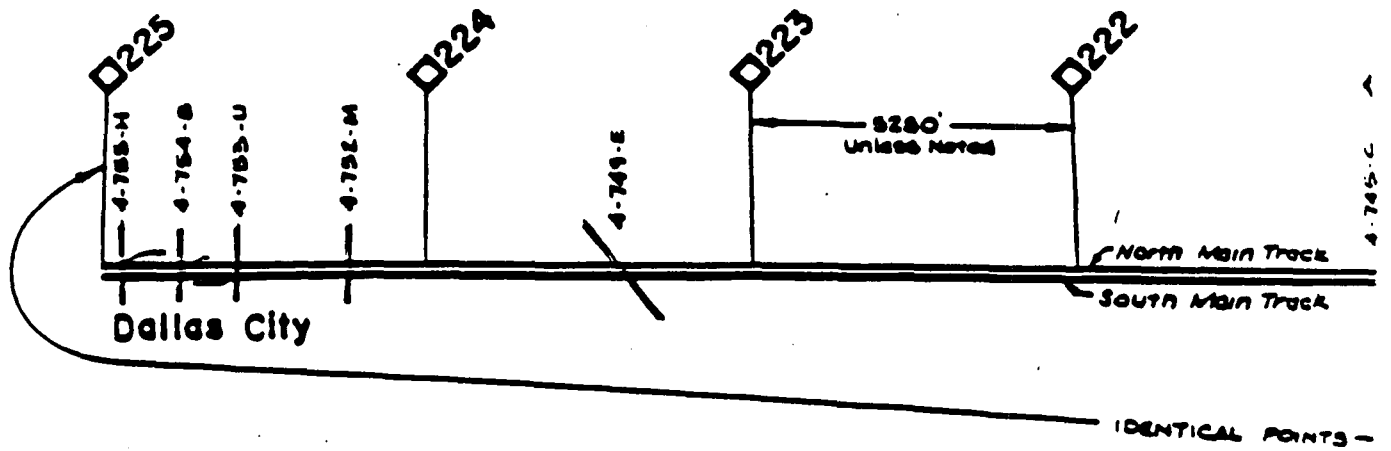
Caboose ATSF 999208

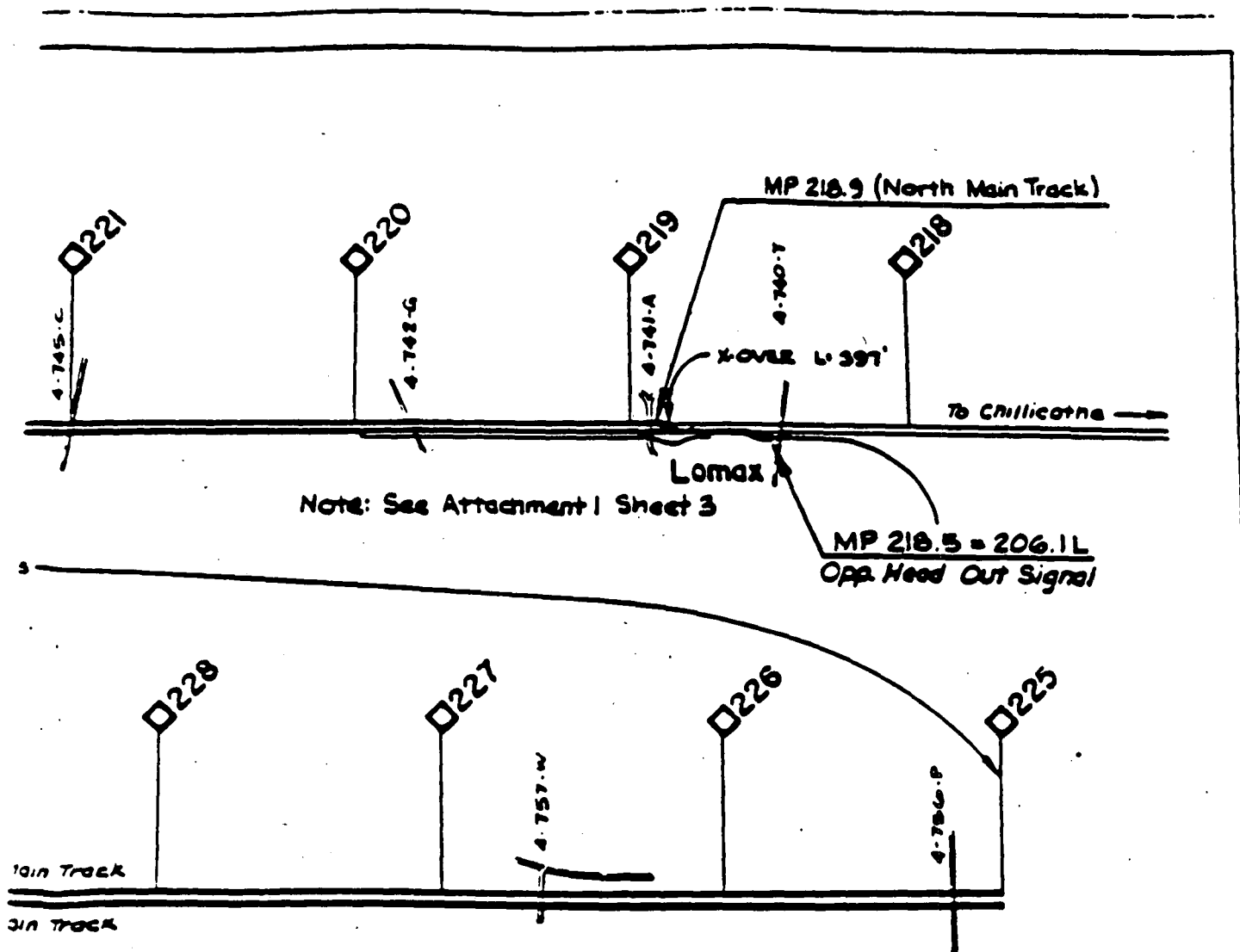
Caboose TP&W 999169

Caboose TP&W 999208

ANNEX II

CONNECTING RAIL LINE





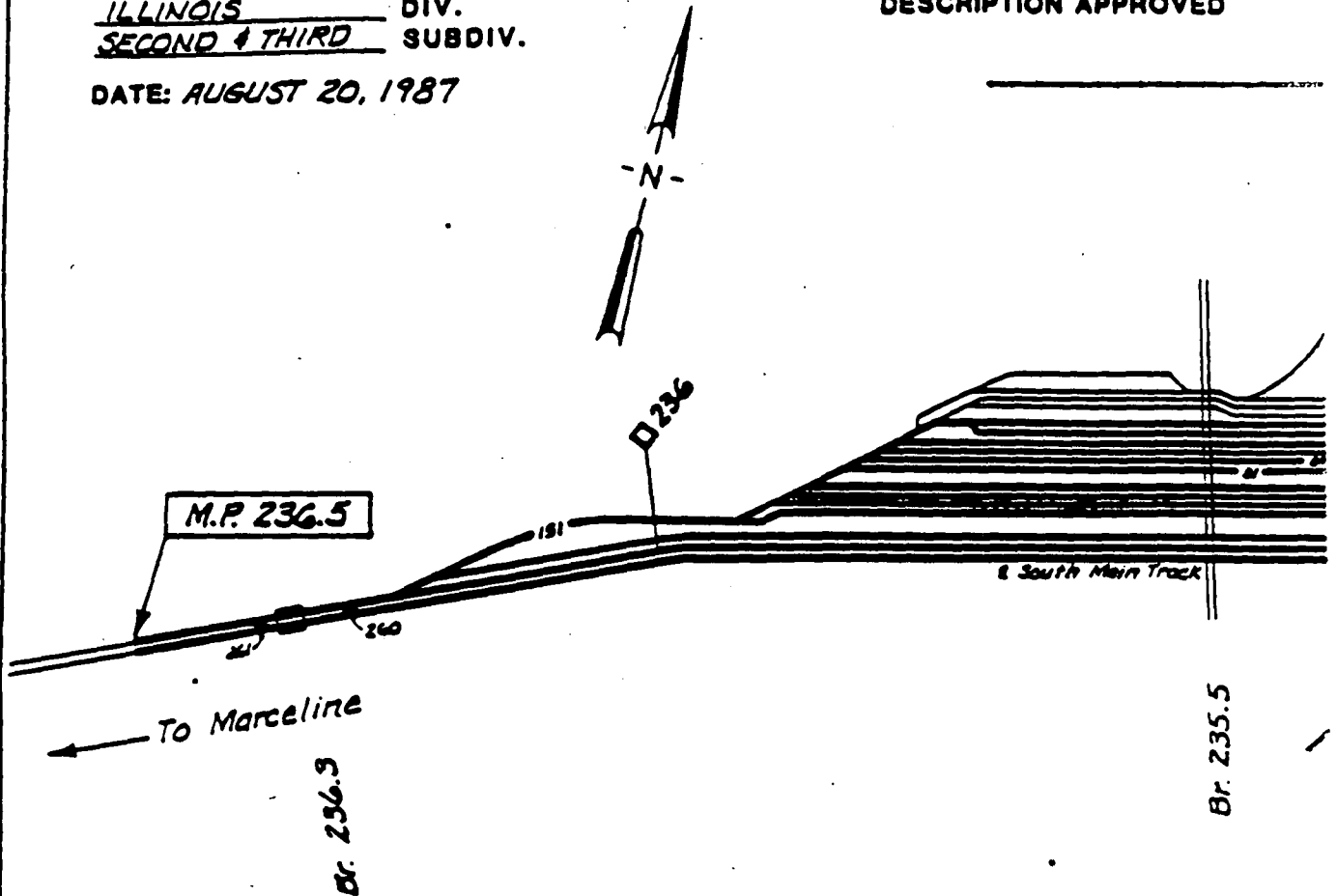
Description: 30.12 miles of main track and
0.40 miles of crossover and connecting
tracks as shown hereon by bold line.

(4)

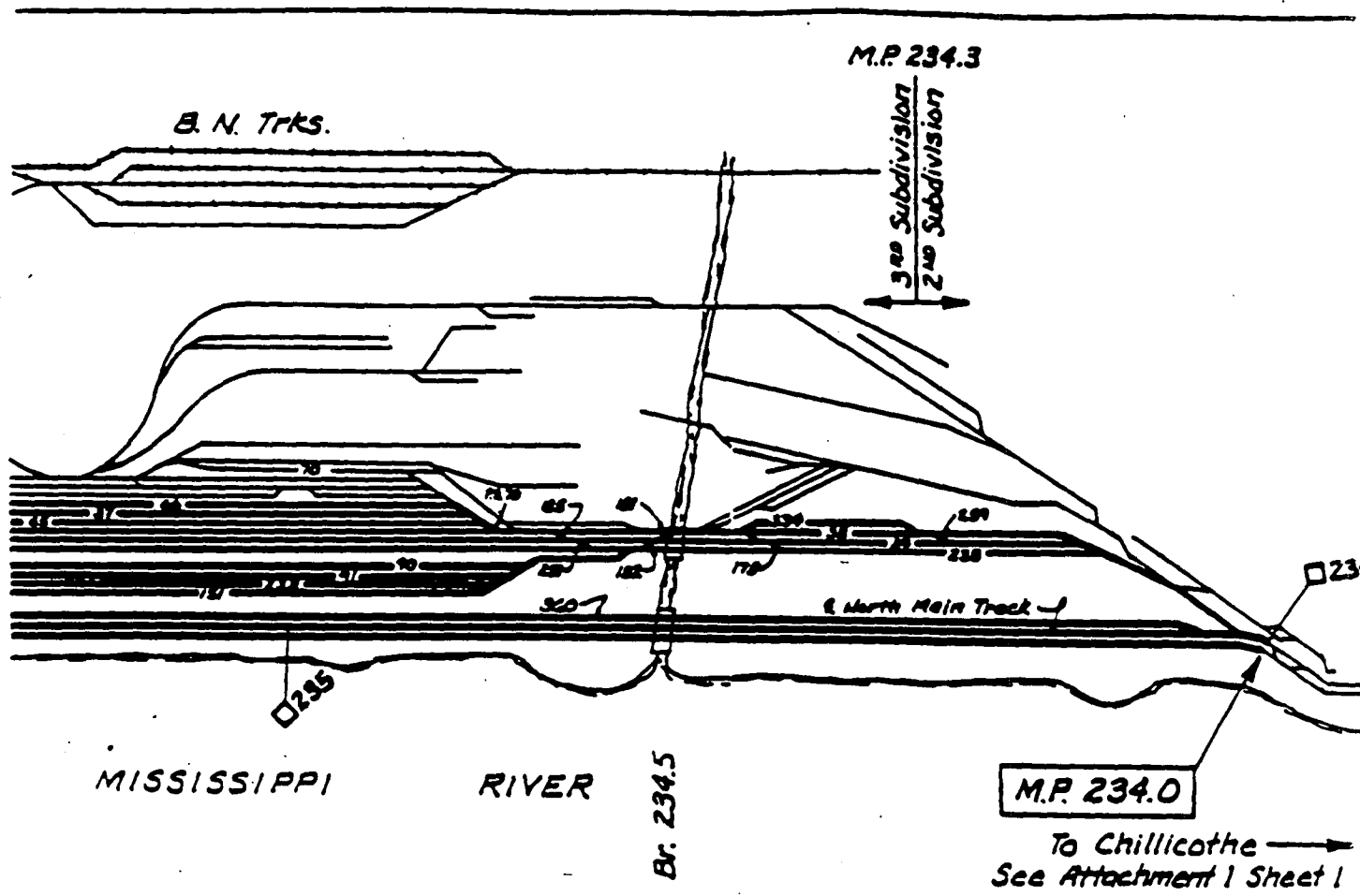
CHICAGO, ILLINOIS
 SCALE: NONE
ILLINOIS DIV.
SECOND & THIRD SUBDIV.

DATE: AUGUST 20, 1987

H. G. WEBB
 CHIEF ENGINEER
 DESCRIPTION APPROVED



AT FT. MADISON,
 LEE COUNTY, IOWA



DESCRIPTION:
 A system of Interchange Tracks consisting of tracks numbered
 66, 37, 65, 125, 84, 81, 70, 38, 233, 185, 251, 182, 181, 178, 259, 90,
 91, 151, 366, 260, 261, and 344 including North and South Main
 Tracks aggregating 110,773 feet in length as shown by bold lines.

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TRAILER/CONTAINER
LIFT MACHINES

Hoosierlift: A 1983 1000-RMJ translift

East Peoria: A 1967 Raygo-Wagner PC-70
Piggypacker

MOTOR VEHICLES AND
MAINTENANCE OF WAY MACHINES
AND EQUIPMENT

Equipment

A.T. No. 6067 Tamper (1972)
A.T. No. 4762 Tamper (1978)
A.T. No. 4763 Tamper (1978)
A.T. No. 86002 Ballast Equalizer (1978)
A.T. No. 877 Ballast Regulator (1970)

Vehicles

A.T. No. 36361 1979 Chev.
A.T. No. 37097 1980 GMC
A.T. No. 37770 1981 Chev.
A.T. No. 37099 1980 GMC
A.T. No. 37226 1981 Ford
A.T. No. 37771 1981 Chev.
A.T. No. 38861 1984 Chev.
A.T. No. 37774 1981 Chev.
A.T. No. 3-88-58 1984 Chev. C-30
A.T. No. 9-07-21 1983 Ford Bronco
A.T. No. 9-07-25 1983 Chev. C-30
A.T. No. 3-92-74 1985 Ford F-350
A.T. No. 37791 1981 Chev.
A.T. No. 37773 1981 GMC
A.T. No. 3-94-76 1985 Ford F-250
A.T. No. 9-07-01 1980 Chev. C-20
A.T. No. 9-07-02 1980 Chev. C-20
A.T. No. 9-07-22 1983 Chev. C-10
A.T. No. 9-07-23 1983 Chev. C-20

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Kline rerailer vehicle, Model TG-544-COE, 1968,
Serial No. 20467

Four hostler trucks: #25091 and #25092 at
Hoosierlift, and #25101 and 25102 at East
Peoria

Other Maintenance of Way Equipment

A.T. No. 6025 Loader, 1 cu. yd., w/backhoe
attachment, Case 580-B rubber tired
A.T. No. 6003 Trailer, highway type Tag-A-Long,
Brown Trencher Co. with elec. brakes
A.T. No. 6076 Weed Mower, 60-inch rotary, mounted
on John Deere 2020 Tractor
LM-88016 Weed Mower, 60-inch Brown, mounted
on Deutz Tractor

Sections

#51 La Harpe

AT-6016 Racine Rail Drill
AT-6032 T-K Puller Expander
AT-99638 Racine Abrasive Rail Saw
AT-6054 Jackson Generator for LO Hand Tamper

#52 Canton

AT-6015	Racine Rail Drill
AT-98815	Racine Abrasive Rail Saw
AT-6033	Racine Rail Saw
AT-6061	Jackson Generator for LO Hand Tamper

#54 East Peoria

AT-6007	Jaeger Air Compressor
AT-6018	Racine Rail Drill
AT-95379	Nordberg AF Rail Drill
AT-96639	Racine Abrasive Rail Saw
AT-6057	Jackson Generator for LO Hand Tamper
AT-6079	IHC Lo-Boy Weed Mower
AT-6010	Joy Asphalt Compactor
AT-6058	Jackson Generator for LO Hand Tamper
AT-6066	Jackson Model 260 Utility Tamper
AT-2688	Nordberg Model DW Track Wrench

#55 Fairbury

AT-6012	Racine Rail Drill
AT-6031	TK Rail Puller Expander
AT-96640	Racine Abrasive Rail Saw
AT-6065	Jackson Generator for LO Hand Tamper
AT-6038	Racine Model 140 Rail Saw

#57 Remington

AT-6017	Racine Rail Drill
AT-6041	Racine Abrasive Rail Saw
AT-6056	Jackson Generator for LO Hand Tamper

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COMMUNICATIONS EQUIPMENT

Peoria District Communications Facilities

Data Terminal Equipment

East Peoria:

- 1 IBM Control Unit/CRT, Model 3276-012
- 1 IBM Printer, Model 3287-1
- 2 Sperry UTS 400 Controller, Type 8594
- 3 Sperry UTS 400 Master, Type 3544
- 8 Sperry UTS 400 Slave, Type 3548
- 9 TI Printer, Model 810, equipped with Avtec Parallel to Serial Interface
- 5 GDC 208 B/A 4800 Bps Modem
- 1 GDC DataComm 4800 Modem
- 6 GDC MDU-55 Diagnostic Unit
- 1 Lot circuit interface equipment

Kolbe:

- 1 Sperry UTS 400 Master, Type 3544
- 2 TI Printer Model 810 equipped with Avtec Parallel to Serial Interface
- 1 GDC 208 B/A 4800 Bps Modem
- 1 GDC MDU-55 Diagnostic Unit
- 1 Lot circuit Interface equipment

Hoosierlift (Remington):

- 1 Sperry UTS 400 Master, Type 3544
- 1 Sperry UTS 400 Slave, Type 3548
- 2 TI Printer Model 810, equipped with Avtec Parallel to Serial Interface
- 1 GDC 208 B/A 4800 Bps Modem
- 1 GDC MDU-55 Diagnostic Unit
- 1 Lot circuit interface equipment

VHF Radio Base Station Facilities

La Harpe, IL (Point-to-Train Station controlled from Santa Fe Ft. Madison, East Peoria and La Harpe):

GE Model DC66TAS66A radio, 12 VDC
charger and batteries, 4' x 6' equipment shelter,
antenna system mounted on grain elevator,
GE Master control unit.

Smithfield, IL (Point-to-Train Station controlled from Santa Fe Ft. Madison and East Peoria):

GE Model DC66TAS66A radio, 12 VDC
charger and batteries, 4' x 6' equipment shelter,
antenna system and wooden antenna pole.

VHF Radio Base Station Facilities (continued)

Glasford, IL (Point-to-Train Station controlled from Santa Fe Ft. Madison):

GE Model SSC66TAS66A radio, 12 VDC
charger and batteries, 4' x 6' equipment shelter,
antenna system and wooden antenna pole.

East Peoria, IL (Santa Fe Point-to-Train Station controlled from Santa Fe Ft. Madison and East Peoria; Conrail Point-to-Train Station controlled from Santa Fe Ft. Madison):

Two GE Model SC66TAS66A radios, AC powered, antenna systems and wooden antenna pole, Motorola Centracom base station control unit.

El Paso, IL (Point-to-Train Station controlled from Santa Fe Ft. Madison and East Peoria):

GE Model DC66TAS66A radio, 12 VDC
charger and batteries, 6' x 10' equipment shelter,
antenna system and wooden antenna pole.

Chatsworth, IL (Point-to-Train Station controlled from Santa Fe Ft. Madison and East Peoria):

Same as Smithfield.

Effner, IN (Point-to-Train Station controlled from Santa Fe Ft. Madison, East Peoria and Remington):

Same as Smithfield.

Monticello, IN (Point-to-Train Station controlled from Santa Fe Ft. Madison and East Peoria):

Same as Smithfield.

Mapleton, IL (Point-to-Train Station controlled locally at Mapleton):

GE Model CT56FAS66A radio, -AC powered,
antenna system and wooden antenna pole.

Remington, IN (Point-to-Train station controlled locally at Remington):

Motorola Model C53RTB1146D radio, AC powered,
antenna system and steel antenna tower,
GE 2-line master control unit.

VHF Radio Base Station Facilities (continued)

Creve Coeur, IL (Norfolk and Western Point-to-Train Station controlled from Santa Fe Ft. Madison; PBX access mobile repeater connected to Peoria PBX):

GE Model DC66TAS66A radio (on Norfolk and Western road frequency, 160.440 MHz), GE Model DC66UAS66A radio repeater, Sinclair Model CTR4-24850 multicoupler, 12 VDC charger and batteries 6' x 10' equipment shelter, one antenna system with wooden antenna pole, one antenna system mounted on water tower.

Good Hope, IL (Talking Hot Box Detector Station)

GE Model HN56SLSLHX radio, AC
power supply, antenna system, installed
in Signal Building.

Mobile and Portable Radio Facilities

Portable Radar Gun:

First American Research Model FAR-23

Portable Hand-held Radios:

55 Motorola HT-90 radios

Vehicle Radios:

24 Motorola Micor 8-channel vehicular radios
with 8-channel scanners, 23 with DTMF encoders

5 Motorola Micor 4-channel vehicular radios
with 4-channel scanners, 2 with DTMF encoders

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3 Motorola Syntor 12-channel vehicular radios
with 8-channel scanners and DTMF encoders

Hostler Tractor Radios:

2 GE MVP radios

Telephone Equipment

East Peoria, IL: Rolm VSCBX, release 8003
software, 37 telephones, spares and
associated equipment

Remington, IN: 1A2 Key system with six telephones

Facsimile Devices

East Peoria, IL: NEC Model PF-1
Remington, IN: Xerox Model 295

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MECHANICAL TOOLS AND EQUIPMENT

- 4 Mounted traction motor and wheel assemblies
- 8 Journal boxes
- 16 Power packs (8 baskets and 8 blade assemblies)
- 1 Set connecting rod bearings
- 1 Set main bearings
- 1 Set radiator fans
- 1 Oil cooler with gaskets
- 1 Aux. generator
- 1 Water cooled air compressor
- 6 Sets lube oil filters
- 6 Sets fuel oil filters
- 2 Radiator cores with gaskets
- 2 Cab heater cores
- 6 Boxes traction motor brushes
- 1 Coupler
- 4 Headlight bulbs
- 1 Set air brake equipment
- 1 Truck set of ellipic springs
- 1 Truck set of coil springs
- 1 Fuel oil preheater
- 1 Portable Drott crane, Model Case No. 3330

ELECTRICAL MATERIAL

1 ea	Field shunting resistors	#8279536
1 ea	Field shunting resistors	#8279535
1	Voltage regulator	#8330790
1	Reverser foreward	#8464117
1	Reverser Reverse	#8464118
1	Fuel pump	#5540387
2	Power contactors	#8461331
1	Battery field contactor	#8200709
1	Shunt field contactor	#8251126
1	Transition Relay	#8364918
2	Engine run relay	#8357416
1	Ground relay	#8360045
1	Fan contactor	#8330937
1	Box Slip ring brush	#8084170
1	Box Fuel pump brush	#8078488
1	Strip heater (toilet)	Prime #PM 5102-1
1	Strip heater (Cab)	Prime #PM 5000-2
1	Box Load regulator brush	#8310884
2	Shutter magnet valves	#8416529
2	Magnet valve coils	#8309859
1	ACC start resistor	#8244104
1	Multi relay	#8357415
2	Head lite resister	#8283943
12	Turbo filter	#8103300080 Wix 51277
12	Gaskets	#828895

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12	Gaskets	#8265801766
12	AC filter air	#8013300020 Wix #51411
6	Fuel filter	Farr 200 #8231700219
2	Boxes Turbo filters	AAF 59-9344232-1 size 2500
2	Boxes Car body filters	AAF 59-27350-1
2	Boxes Turbo "Bag"	AAF 59 934232-2 Size 1200
6	Boxes Lube oil filters	WIX 51265
6	Gaskets	#8268756
3	150 Amp Aux gen fuses	
3	30 Amp Aux gen field fuse	
3	60 Amp Alternator field fuse	
3	80 Amp Battery field fuse	
3	400 Amp starting fuse	
1	Salem auto drain valve #580	
2	Gear cases top half	
2	Gear cases bottom half	
1	CT (50-8 Oz bags) Toilet chlorine #478090020	
6	Top deck gaskets	#8271623
12	2 1/2" Dresser cplgs	#8468180
3	AC valves HP suction	#8067161
3	AC valves HP discharge	#4224969
3	AC valves LP suction	#9319947
3	AC valves LP discharge	#4224968
6	Gaskets	#8063286
6	Gaskets	#8083592
2	Sanders	#8291120

3	Water pump gaskets	#8028760
3	Water pump gaskets	#8029149
3	Test valves	#8048880
6	Air box gaskets	#8236837
2	27 point jumpers	
6	Fuel filters	CP 132
16	Injectors	#5229285
3	Gear case cap	#8250241

TOOL LIST

1	Main bearing wrench	#9523800
1	Head removal tool	#8075894
1	Power lifter assy	#8417858
1	Hydraulic barring tool	#9532633
1	Rack setting gage	#8339610
1	Piston ring guide comp	#9333846
1	Piston ring guide comp	#8034087
1	Cylinder lifter	#8116358
1	Eye piston	#8040413
1	Basket wrench	#8236718
1	Power wrench carb nuts	#8250855
1	Power wrench main brg	#8474807
1	26" Snap On extension 3/4" GL 122-26	
1	3/4" drive torque wrench 100-600 #QJ 4600	
1	Cleco #5 spline drive 1-1/2" WTS 2120 socket	
1	2" socket IMS 647	

- 1 2-3/4" socket N 7224
1 Basket bolt wrench N 6057A

ROUND HOUSE EAST PEORIA

- 2 Torches complete on hand carts
1 6" vise
1 set 3/4" and 1" drive ratchets extensions and sockets
1 Lincoln portable welder ARC
1 Elect. ARC stationary welder
1 Porta power
1 Air driven sander-buffer
1 Black & Decker shop vacuum
1 Gardner Driver Air Compressor
1 32" Toro snow blower
1 600,000 BTU space heater
1 300 Amp batter charger
1 Hydraulic pallet mover
1 6000 lb. Datsun fork lift
4 50-ton Duff Norton 36" air jacks
2 15-ton Joyce step jacks
1 Metal dumpster
1 26' wood extension ladder
1 3/4 ton electric overhead hoist
1 10-ton overhead crane
2 Hose reels
1 Double dry grinder 12" x 2"

- 1 1/2" heavy duty electric drill
- 1 3/8" electric drill
- 1 Delta bench drill
- 1/2" banding machine

RIP TRACK EAST PEORIA

- 1 Torch complete on hand cart
- 1 Lincoln stationary welder ARC
- 5 5-ton simplex step jacks
- 2 Duff Norton 50-ton air jacks 28"
- 1 15-ton simplex step jack
- 3 20-ton simplex step jacks
- 1 10-ton simplex step jack
- 2 Hydraulic 50-ton jacks-gas powered pump
- 1 3/4" drive impact wrench
- 2 Set 3/4" drive sockets with ratchet handle extension
- 1 3/4-ton pull lift
- 1 1.5 ton pull lift
- 1 3 ton pull lift
- 3 6 ton pull lifts
- 1 Hydraulic draft gear remover
- 2 20-ton Hydraulic jacks 14"
- 1 Air powered roller bearing grease gun
- 1 1" stencil cutter
- 1 Set pipe dies
- 1 4" vise

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- 5 Manual journal jacks
- 1 Tractor welder with torch

HOOSIER LIFT

ATEC 15 Amp battery charger

Sears 40 Amp battery charger

- 1 Set 3/4 drive ratchet extensions and sockets
- 1 Torch & gauges complete
- 3 Barrel pumps
- 1 Air riveter
- 1 Air metal shears
- 1 1/2" impact wrench air
- 1 7-1/4" skill saw
- 1 22' extension ladder
- 1 3/4-ton pull jack
- 1 6-ton pull jack
- 1 Metal dumpster
- 1 Tow motor fork lift
- 1 1.5 ton pull jack
- 1 5HP electric generator 2250 watt-115 Volts
- 1 8' step ladder
- 1 Portable welder-Lincoln ARC
- 1 Stationary welder-Lincoln ACC
- 1 8" bench grinder
- 1 Sull air screw type air compressor
- 1 3/8" power screw driver - air operated
- 1 1500BTU space heater
- 25 Various small hand tools

ADDITIONAL EQUIPMENT

- 1 Spare Vapor AC-DC Air conditioning unit
- 6 35 amp. Slow burn fuses

Other stock items of material and tools for servicing the 20
GP-20 locomotives, as set forth in September 16, 1987
memorandum from Mr. D. M. Sizemore to Mr. A. J. Lawson.

All contracts and agreements set forth in
Exhibit E to the Purchase and Sale Agreement.

TRADEMARKS AND TRADE NAMES



The Toledo, Peoria & Western Railroad Company



Toledo, Peoria &
Western R.R.



LIENS

1. All contracts and agreements set forth in Exhibit E to the Purchase and Sale Agreement.

2. Such other liens and encumbrances (other than those that secure the payment of money), if any, that shall not individually or in the aggregate materially impair the value of any of the Mortgaged Property or the economic and efficient use thereof for railroad purposes.

COLLECTION DEPOSIT ACCOUNTS

Account No. 411-8669,
American National Bank and
Trust Company of Chicago
33 North LaSalle Street
Chicago, Illinois 60690

CHIEF EXECUTIVE OFFICE OF MORTGAGOR
AND LOCATION OF MORTGAGED PROPERTY

1. Chief executive office of Mortgagor:
1661 Route 22 West,
Bridgewater, New Jersey 08807.
2. Location of Mortgaged Property:
 - a. 1990 East Washington Street,
East Peoria, Illinois 61611.
 - b. Highway 24 East and Interstate 65,
Remington, Indiana 47977.
 - c. 364 Pinehill Road,
Hollis, New Hampshire 03048.
 - d. 981 Central Avenue,
Plainfield, New Jersey 07060.
 - e. The locations described in Annex II to each
Mortgage, Deed of Trust, Assignment of Leases and
Rents, Security Agreement and Financing Statement
dated as of January 31, 1989, made by and between
the Mortgagor and the Mortgagee filed in each of
the counties of Henderson, McDonough, Hancock,
Fulton, Peoria, Tazewell, Woodford, McLean,
Livingston, Ford and Iroquois located in the State
of Illinois.
 - f. The locations described in Annex II to each
Mortgage, Deed of Trust, Assignment of Leases and
Rents, Security Agreement and Financing Statement
dated as of January 31, 1989, made by and between
the Mortgagor and the Mortgagee filed in each of
the counties of Newton, Jasper, White and Cass
located in the State of Illinois.